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## CSSR DELEGATION HEAD SUMS UP CSCE PROPOSALS

AU261113 Bratislava PRAVDA in Slovak 25 Feb 87 pp 1, 7

[CTK report from Vienna: "Proposals at the Vienna Follow-Up Meeting; Address by Czechoslovak Ambassador Milan Kadnar"]

[Text] Vienna (CTK) -- Ambassador Milan Kadnar, head of the Czechoslovak delegation to the Vienna follow-up meeting of the Conference on Security and Cooperation in Europe (CSCE), presented and elucidated at yesterday's session several proposals concerning the majority of questions under debate.

Czechoslovakia is the author of four proposals, and it co-sponsors a number of other proposals made in cooperation with other socialist countries, mostly with the Soviet Union, Bulgaria, and the GDR.

The proposals submitted for discussion have been worked out on the basis of the debate until now on the implementation of the Helsinki Final Act, with the aim of improving the situation in the relevant spheres.

The proposals primarily cover the following issues:

-- safeguarding the right to education and eliminating unemployment,
-- intensifying cooperation among youth organizations,
-- expanding cooperation in industrial cooperation and setting up joint ventures,
-- providing free medical care for all citizens,
-- ensuring the right to work and eliminating unemployment,
-- unhampered contacts among universities and other institutions of higher learning, scientists, officials in education and culture, and athletes,
-- preventing the misuse of science and culture to propagate war, violence, and racial and national hatred and to sow distrust among nations,
-- legislative and economic measures to ensure the right to protection from famine, poverty, and undernourishment,
-- organizing European festivals of literature,
-- using radio and television to promote peace and international understanding,
-- facilitating and accelerating the issuance of visas for entry to CSCE countries,
-- promoting military detente in Europe,
-- indivisibility and linkage of economic, social, civil, and political rights.

In his address Ambassador Milan Kadnar stressed that the Czechoslovak delegation is carefully studying all the proposals made at the CSCE follow-up meeting thus far and expects the other delegations to approach the Czechoslovak proposals with the same seriousness. He also said it is necessary to intensify the dialogue at the meeting to reach agreement on all proposals. The fact that 25 international conferences, forums, and meetings of experts have been proposed was described by the Czechoslovak delegation head as evidence of interest in actively promoting the process of European cooperation and security.

Czechoslovakia is the author or co-sponsor of 18 out of the 86 proposals submitted so far to the Vienna follow-up meeting of representatives of 35 European countries, the United States, and Canada. Now the Vienna follow-up meeting should proceed to a stage in which the submitted proposals would be evaluated, processed, and worded for the final document.

BAKER APPOINTMENT, CRITICISM OF REAGAN NOTED

AU281419 Sofia Domestic Service in Bulgarian 0700 GMT 28 Feb 87

[Text] As we have reported, Donald Regan, the White House chief of staff, has resigned and been replaced by Howard Baker. The 61-year-old Baker is, of course, a Republican, and was elected senator from Tennessee in 1966. On several occasions he has put himself forward as a Republican presidential candidate, as was the case in 1980, when he was defeated by Reagan. From 1981 to 1985 Baker was the leader of the Republican majority in the Senate, where he gained a reputation for his calm and affability.

In taking up his new post, Baker announced last night that Ronald Reagan's Presidency will be stabilized and concluded successfully. Before being offered the post of White House chief of staff, Howard Baker declined the post of director of the Central Intelligence Agency, but in the present case he said that he could not refuse to accept such a high post, all the more so because it was offered to him by a President who was facing serious difficulties.

We have already announced that Regan's resignation followed the publication of the Tower Commission report, in which the President himself appears as extremely confused, well-intentioned, but incompetent. According to a BBC commentary this morning, the final picture one obtains from the report is that of an (?aimless) leadership, a leader with limited abilities, a man who prefers anecdotes to in-depth analysis.

COMMITTEE ON FRIENDSHIP WITH USSR HOLDS PLENUM

AU261939 Sofia Domestic Service in Bulgarian 1830 GMT 26 Feb 87

[Text] An expanded plenum of the All-People's Committee on Bulgarian-USSR Friendship took in Sofia on 26 February. The plenum reviewed the activities during 1986 and specified its new tasks.

In his speech Nacho Papazov, chairman of the All-People's Committee on Bulgarian-USSR Friendship and chairman of the BCP Central Control-Auditing Commission, analyzed the results which have been achieved and stressed the necessity of constantly improving Bulgarian-USSR relations in line with implementing the tasks of the Long-Range Program on Scientific-Technological Cooperation Between Bulgaria and the USSR.

Ivan Frolov, chairman of the Central Leadership of the USSR-Bulgarian Friendship Society, also spoke. He stressed the necessity of searching for more effective forms of strengthening cooperation between the two organizations, something which would correspond to the higher level of Bulgarian-USSR relations.

Tsola Dragoycheva, honorary chairman of the All-People's Committee on Bulgarian-USSR Friendship, leaders of socio-political organizations, and activists of the movement on Bulgarian-Soviet friendship throughout the country, took part in the plenum. USSR Ambassador to Bulgaria Leonid Grekov also attended the plenum.

SOVIET ARMS PROPOSAL PROMPTS POSITIVE RESPONSE

Initiative Branded 'Important'

LD011850 Prague Domestic Service in Czech 1730 GMT 1 Mar 87

[Antonin Kostka commentary from the "Magazine" program: "New Chance for Europe"]

[Text] The basis of Gorbachev's statement about medium-range missiles in Europe emanates from the decision of the Soviet leadership to isolate the problem of medium-range missiles in Europe from the complex of disarmament ideas projected by the USSR at the Soviet-U.S. summit in Reykjavik. This presents a reasonable chance for an early agreement that will free Europe from the most dangerous weapons it has ever known during its bloodstained history, marked by 14,000 conflicts.

The weapons in question are not only capable of wiping Europe off the face of the earth, but also of causing the destruction of civilization. The reality of this is revealed not only by the suitability of and need for such a measure, but also by the fact that isolating the issue of medium-range missiles from other disarmament issues represents the original demands of the West. All representatives of the NATO member states, even prior to Reykjavik, reiterated that if the question of medium-range missiles is separate it will not be difficult to agree upon their early elimination. However, after the USSR and the United States agreed in Reykjavik that they would do away with their medium-range missiles in Europe within 5 years and that they would leave only 100 warheads each on medium-range missiles in the Asian part of the USSR and on U.S. territory, Paris, London, and Bonn began to drag out the old complaints about the conventional superiority of the Warsaw pact, whicy, allegedly, cannot be counterbalanced by any other means but nuclear deterrence.

Some statesmen simply cannot imagine a world without nuclear weapons. With regard to these trends, the time for the new Soviet initiative was very sensitively and aptly chosen.

At the moment, to sets of talks are taking place in Vienna that might reliably and acceptably solve the question of conventional balance: the contact talks between the Warsaw Pact and NATO about conventional disarmament from the Atlantic to the Urals, as proposed by the Budapest session of the Warsaw Pact summit and the European Security and Cooperation follow-up meeting which should decide on the second stage of the Stockholm conference concerning disarmament in Europe. The convention, proposed during the first stage of the Stockholm conference, which limits military activity in Europe and deepens its control, already represents a significant step in the direction of conventional balance. Therefore, the arguments of the followers of a nuclear Europe are built on shaky ground, and it would appear, nothing stands in the way of an agreement.

For Czechoslovakia, the new Soviet initiative is very attractive and vitally important. It is attractive and important because of our geographical position in the heart of Europe, and the fact that the Soviet proposal envisages the withdrawal of the operative long-range missile complexes from our territory immediately after signing the agreement on eliminating the Soviet and U.S. medium-range missiles from Europe.

The agreement about medium-range missiles would reduce the nuclear burden on Europe and on the entire world. It would secure the aversion to accepting a nuclear threat. Nobody doubts that the nuclear demilitarization of Europe would pave the way toward a world without weapons of mass destruction. In this sense, the new Soviet initiative is a revival of the spirit and the reality of Reykjavik; it renews its promises and hopes.

RUDE PRAVO Supports Intention

LD020953 Prague CTK in English 0802 GMT 2 Mar 87

[Text] Prague March 2 (CTK) -- So long as there are nuclear arsenals in Europe, this continent will remain a potential hotbed of war, RUDE PRAVO said today in its editorial supporting the Soviet proposal for removing medium-range nuclear missiles from Europe and for substantial nuclear arms cuts.

The Czechoslovak Communist Party daily said the Soviet Union had found an extremely important area where a substantial step forward can be made to the benefit of worldwide nuclear disarmament. The paper noted that Western nuclear powers are not ready for a global radical solution and therefore a policy of concrete steps in one of the four main issues of nuclear disarmament can contribute towards reaching the ultimate goal.

The daily said that thanks to the latest Soviet proposal the Soviet-U.S. talks in Geneva were given a new stimulus that can certainly help rid them of artificially amassed obstacles in all fields. Very important is achieving agreement on the liquidation of strategic weapons which is conditioned by a decision to ban space armament, the paper said, adding that the organic connection of the two issues cannot be ignored.

Removing intermediate-range missiles from Europe will be a tough struggle. It may become a key to solving the problem of nuclear disarmament on a worldwide scale. This is why the Soviet proposal is a historic chance not only for Europe but for mankind as a whole, RUDE PRAVO said.

Bratislava Lauds Plan

LD012146 Bratislava Domestic Service in Slovak 1130 GMT 1 Mar 87

[Josef Knizat commentary]

[Excerpt] It is true that tension on the international scene, and this week also showed this, is not being noticeably reduced. But for this reason let me refer to the Moscow forum, which was a true expression of the world's conscience. Mikhail Gorbachev, in commenting on the forum, said it was a barometer of the thinking of world public opinion, with the needle undeniably moving toward peace. This statement can be underlined by more than one strong argument -- by an entire package of Soviet disarmament proposals that constantly widen the potential of peace, sense, and good will.

I will, however, give just one example, the newest one from yesterday. The Soviet leadership decided to talk about medium-range nuclear weapons in Europe as a separate issue outside the framework of the Soviet-U.S. talks in Geneva. This is not only a new but also a brave step toward reducing the nuclear burden in Europe and a significant strengthening of the European dimension of world politics. At the same time, the Soviet Union has shown what the pledges made in Reykjavik mean to it.

Immediately after Reykjavik, the United States wanted to break the compromises created there, and in reality they are doing so still. The Soviet leadership, however, as was confirmed once again yesterday by Comrade Mikhail Gorbachev, once again showed how strong its will for a nuclear-free world is.

The news of the Soviet Union's decision to hold separate talks on medium-range nuclear weapons has literally flown around the world between last night and this afternoon. It has brought certain relief. Also adding weight to this initiative is that according to the latest reports by the U.S. ABC television network there is a possibility of a meeting between Eduard Shevardnadze and George Shultz. This also justifies the words that the barometer is moving toward peace. [passage omitted]

CPCZ DELEGATION LEAVES FOR LIBYAN CELEBRATIONS

LD282125 Bratislava Domestic Service in Slovak 1730 GMT 28 Feb 87

[Text] A delegation of the CPCZ, headed by Miroslav Toman, member of the CPCZ Central Committee and deputy federal premier, left Prague for Libya today. In Tripoli the delegation will attend celebrations of the 10th anniversary of the founding of the Socialist People's Libyan Arab Jamahiriyah.

CPCZ OFFICIALS GREET CPSU'S ZAYKOV ON ARRIVAL

LD021053 Prague Domestic Service in Czech 1000 GMT 2 Mar 87

[Text] Lev Zaykov, member of the Politburo and secretary of the CPSU Central Committee, arrived today for a working visit to Czechoslovakia. The Soviet guest was welcomed at Ryzyne Airport in Prague by: Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee; Josef Haman, candidate of the presidium and secretary of the party's Central Committee; Miloslav Hruskovic, candidate of the presidium of the party's Central Committee and secretary of the CPSL Central Committee Zbynek Sojak and Karel Erbes, heads of departments of the CPCZ Central Committee; and other representatives.

CUBAN INTERIOR MINISTER ARRIVES FOR TALKS

LD272104 Prague CTK in English 1554 GMT 27 Feb 87

[Text] Prague Feb 27 (CTK) -- Cuban Minister of the Interior General Jose Abrantes Fernandez arrived here Friday for a friendly working visit at the invitation of his Czechoslovak counterpart Vratislav Vajnar.

The Cuban and Czechoslovak representatives will discuss further development of cooperation between the two countries' security organs.

HUSAK RECEIVES AUSTRIAN, AFRICAN ENVOYS

LD271641 Prague Domestic Service in Slovak 1400 GMT 27 Feb 87

[Text] President Gustav Husak today received Karl Peterlik, the new ambassador extraordinary and plenipotentiary of the Republic of Austria to the CSSR, who presented his credentials. They noted the positive benefits of Czechoslovak-Austrian relations for the peoples of both countries, and confirmed their interest in their further development in the spirit of goodneighborliness and strengthening international co-operation.

(Ensama Hatna Jandi) ambassador extraordinary and plenipotentiary of the Republic of Guinea-Bissau to the CSSR, today presented his credentials to the president of the republic. In a talk, they assessed the current state of bilateral relations and agreed that both sides would seek ways to further intensify the development of mutually advantageous cooperation in all spheres.

The president of the republic also received (Malake Traore), the new ambassador extraordinary and plenipotentiary of Burkina Faso to the CSSR at the start of his tour of duty. They noted that the development of friendship and cooperation between the CSSR and Burkina Faso is in the interest of both countries' peoples, and contributed to consolidating would peace and security.

HOFFMANN, DELEGATION RETURN FROM USSR CONGRESS

LD282220 Prague Domestic Service in Czech 2030 GMT 28 Feb 87

[Text] The delegation of the Central Council of the CPCZ Central Committee Presidium, has returned from Moscow to Prague. The delegation attended the 18th Congress of Soviet Trade Unions.

JAKES, SOVIET AMBASSADOR PAY VISIT TO PRESOV

LD272127 Prague Domestic Service in Slovak 1400 GMT 27 Feb 87

[Text] Milos Jakes, member of the Presidium and Secretary of the CPCZ Central Committee, together with Soviet Ambassador to Czechoslovakia Viktor Lomakin arrived in Presov today on a short working visit. At the district CPSL Committee they were briefed on the current tasks of socio-economic development in Presov district. The guests then visited the Robot International Scientific Production Association where they were told how problems in the comprehensive fulfillment of tasks were being overcome. They were informed of the working and living conditions of Soviet experts working there and their families, and of the prospects for Cechoslovak-Soviet cooperation in automation and the use of robots.

CSSR OFFICIAL ADDRESSES SWISS WORKERS PARTY

LD012327 Prague CTK in English 1627 GMT 1 Mar 87

[Text] Geneva March 1 (CTK correspondent) -- Czechoslovak Communist Party Central Committee member and head of a party Central Committee department Otto Cmolik addressed the 13th congress of the Swiss Workers' Party here today.

The head of the Czechoslovak delegation to the congress pointed out the struggle of the countries of the socialist community for the elimination of the threat of nuclear war, for the preservation of peace and development of cooperation between nations.

The Soviet Union and othe socialists countries responded with far-reaching proposals for total liquidation of nuclear and chemical weapons, radical reduction of conventional weapons and restructuring of international relations on the principles of a comprehensive system of international security to the imperialist policy of the United States which strives for a new round of the arms race and its extension to outer space, Otto Cmolik stressed, recalling Czechoslovakia's own disarmament initiatives.

LUCAN RECEIVES CATHOLIC CHURCH OFFICIALS 24 FEB

AU012148 Bratislava PRAVDA in Slovak 25 Feb 87 p 2

[CTK report: "Appreciation of Work for Peace"]

[Text] Prague (CTK) -- Matej Lucan, CSSR deputy premier, received representatives of the Catholic clergy in the Hrzan Palace in Prague yesterday.

In his speech the deputy premier stressed the most important tasks in international policy and in the life of our society this year. He voiced appreciation for the positively developing state-church relations and for the active part played by representatives of the churches and by believers in the work for peace in building our homeland.

Speaking on behalf of the clergy, Josef Vrara, the bishop of Olomouc, Frantisek Vymetal, chairman of the Pacem in Terris Association of CSSR Catholic Clergy, and Stefan Onderko, vicar general of the Kosice diocese, assured Matej Lucan they will continue to guide belivers to engage in selfless work for the well-being of our homeland and that they will contribute with all their might to the struggle to preserve peace and head off the danger of a nuclear holocaust.

The same day CSSR Deputy Premier Matej Lucan also received representatives of all other churches and religious communities in the CSSR. Miroslav Novak, patriarch of the Czechoslovak Hussite Church, Karol Gabris, representative of the CSSR Committee of Church and Religious Officials, Lubomir Mirejovsky, secretary general of the Chirstian Peace Conference, and other church dignitaries spoke about the active role of churches and religious communities in the all-round development of the CSSR and in implementing Czechoslovakia's foreign policy of peace.

The representatives of churches also provided information on the 23 February meeting of the Committee of Church and Religious Officials, at which participants in the recent Moscow forum reported on this important gathering. They spoke about the unambiguous stand assumed at the forum on the threat of a nuclear war and about the enthusiastic reception of Mikhail Gorbachev's wise and inspiring speech. The session of representatives of all churches operating in the CSSR unanimously endorsed the document adopted in the church section of the Moscow forum.

The reception was attended by Milan Klusak, minister of culture of the Czech Socialist Republic, and Deputy Minister Vladimir Janku, director of the Church Affairs Secretariat of the CSSR Government.

JAKES ADDRESSES TU CONGRESS ON ECONOMIC ISSUES

AU271530 Prague PRACE in Czech 14 Feb 87 p 3

[Speech by Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee and head of the delegation of the CPCZ Central Committee, the National Front Central Committee, and the Czech SR Govenment, at the Czech congress of the Revolutionary Trade Union Movement in Prague on 13 February]

[Excerpts] [passage omitted] To be able to fulfill the tasks we are discussing we need peace and relaxation of international tension. We are striving to achieve a peaceful solution of world problems, the elimination of nuclear and other weapons of mass destruction, the limitation of conventional weapons, the prevention of the militarization of space, and the strengthening of international security. [paragraph continues]

We highly value the offensive course of Soviet foreign policy and fully support the important proposals submitted by Comrade Gorbachev as well as the joint initiatives of the Warsaw Pact countries, in whose achievement we will continue to take an active part. [passage omitted]

Your congress is an important part of the preparations for the 11th All-Trade Union Congress, which, together with the deliberations of the 17th congress, will determine the tasks of the Revolutionary Trade Movement. We have much work ahead of us, work for the benefit of our people and the future generations. In this work to achieve the conclusions of the 17th congress and to fulfill the strategic line of accelerating socioeconomic development in our country we are inspired by the example of Soviet communists, the resolute course in the implementation of the line of the 27th CPSU Congress, and the results of the January session of the CPSU Central Committee on issues of restructuring and cadre policy. What is characteristic of this behavior? It is the revolutionary spirit, a critical view of results from the viewpoint of the demanding current and future tasks in the interest of releasing the entire creative and working potential of Soviet society under the party's leadership, by means of restructuring and the corresponding cadre policy and developing socialist democracy, which ensures the broad participation of people in resolving all problems including the selection of cadres and ensures the citizens are kept fully informed. The model for us is the high degree of exactingness, the innovative view of the development of socialism, the boldness of solutions to problems that have come to fruition, and the creative Marxist-Leninist approach. The January session, the course of the CPSU Central Committee, and Comrade Gorbachev's report have met in our country with great interest and understanding. We fully support that line. It yields new stimuli that -- taking into account our conditions -- we will utilize. It is important that we -- in the interest of strengthening socialism and its further development -- more determinedly proceed with the realization of the conclusions of the 17th CPCZ Congress as the fourth CPCZ Central Committee session demanded.

We expect that Czech trade unionists will actively contribute to the fulfillment of the demanding tasks in the socioeconomic development, to asserting the restructuring, to changing the thinking and the behavior of people, and to the mobilization of the society's creative forces.

In conclusion, permit me to wish you many success in the fulfillment of your congress resolutions.

DEFENSE MINISTER ADDRESSES ARMY TU MEETING

LD282040 Prague Domestic Service in Czech 1900 GMT 28 Feb 87

[Text] The congress of the trade union of workers in the Czechoslovak People's Army continued in Vyskov today with discussion. Delegates spoke critically about shortcomings and their causes in an effort to draw lessons and vital conclusions for the work of trade union organs and organizations in the next period. Army General Milan Vaclavik, head of the delegation of the CPCZ Central Committee, the Central Committee of the National Front of Czechoslovakia, and the Federal Government and minister of national defense, praised the role of the trade union in implementing the party's military service policy. He emphasized that realization of the conclusions set out by the 17th Party Congress and worked out by the Army-side party aktiv will ensure that the Czechoslovak People's Army, in close alliance with the Soviet Army and other armies of the Warsaw Pact, will be ready in an all-round way to secure a reliable defense of the homeland and the international defense of socialsim.

ARTICLE NAMES ENTERPRISES FOR ECONOMIC EXPERIMENT

AU251525 Prague RUDE PRAVO in Czech 12 Feb 87 p 3

[Zdenek Hoffmann article: "Experiment Constitutes Acceleration"]

[Excerpts] As we have already informed our readers, the CSSR government has decided, with effect from 1 January 1987, to evaluate the components and parts of the process of restructuring the economic mechanism, which is in preparation, with the help of a comprehensive experiment in enhancing the independence and responsibility of economic organizations for efficient development. [passage omitted]

A number of our readers have reacted to the decision to gradually verify the principles for restructuring the economic mechanism by means of an experiment. From their opinions we have selected the view of Karel Motyka from Cesky Tesin, who sees this solution as "the postponment of making necessary changes to the entire system of management of the national economy, which is the necessary prerequisite for accelerating the socioeconomic development."

But one of the objective of the comprehensive experiment is precisely the acceleration of the realization of these changes. [passage omitted]

However, one must not rush the whole process. The restructuring of the economic mechanism is a complicated and demanding job -- the results will directly influence the lives of 15 million people -- and therefore it cannot be carried out without sufficiently assessing all aspects of the way it influences the life of society and its members. [passage omitted]

Since the beginning of this year, the comprehensive experiment has begun to be implemented in the two economic production units -- in the Jablonec Costume Jewelry enterprise and in the Crystalex enterprise. In the course of this year -- in April, July, and by 1 January 1988 at the latest -- a further 9 economic production units will become involved in the experiment: Ogako of Partizanske, Czechoslovak Music Instruments of Hradec Kralove, Lachema of Brno, Engineering Technology Plants of Prague, Agrozet of Brno, Heavy Machine Tool Enterprises (TST) of Martin, Canneries and Distilleries of Prague, Freezing Plants of Prague, and Chocolate Works of Prague; and 12 other enterprises, among them, for example, Jitex of Pisek, Kozakof Klatovy, Textilana of Liberec, Plastika of Nitra, Tatrasvit of Svit. At the same time, instructions have been given to prepare the experiment in at least one construction organization. [passage omitted]

The gradual transition from the current management and planning system to a system that corresponds to the requirements for the intensive development of the economy in the interest of society will not be easy. With each postponement the complexity and difficulty increase. However, without verifying the correctness and the feasibility of the components of the measure, the future planning and management system cannot be implemented throughout the national economy with full responsibility. The comprehensive experiment with the new management system in selected economic organizations in no way shows down this process -- on the contrary, it accelerates it.

'REVOLUTIONARY' CHANGES PLANNED IN SOCCER

AU271520 Prague ZEMEDELSKE NOVINY in Czech 25 Feb 87 p 4

[Zdenek Pavlis report: "Asserting Quality Also in Soccer"]

[Excerpts] [Passage omitted] At a meeting with journalists yesterday, Rudolf Kocek, chairman of the Soccer Federation of the Czechoslovak Physical Culture Association, reported on the recent meeting in Warsaw of chairmen and secretaries of soccer federations [from socialist countries].

According to Kocek, the Warsaw meeting yielded a number of suggestions and impulses for soccer in socialist countries. It discussed not only the exchange of referees among individual countries, but also the possibilities of hiring coaches and players. The agenda also included questions that are the subject of very lively discussions in Soviet soccer, for example, questions concerning some kind of a financially autonomous management [chozrascotni hospodareni] in large soccer clubs or the idea to introduce the status of a professional soccer player.

Shedding light on the background of some of the points on the agenda of the Warsaw meeting, R. Kocek said: "The hiring of foreign coaches as well as the exchange of players are basically possible as there are no norms or principles that would stand in the way. But other aspects are also involved, such as the question of interest and the economic conditions, which have not yet been resolved and clarified. The chairman of the Soviet federation proposed to hold a consultative meeting in Moscow that would discuss these matters further. I personally do not believe the introduction of professionalism is a viable solution to the problems of Czechoslovak soccer because professionalism is alien to our system of socialist physical culture and sports. The problem here is rather the incomplete solution of some questions, in the sphere of remuneration for instance. [passage omitted]

"However, the final resolution of the remuneration issue and its introduction into practical life goes beyond the legal powers of the soccer federation and calls for the participation of political state agencies. However, we are also looking for other ways. For example, we have worked out a literally revolutionary draft of guidelines concerning remuneration, which provides for the remuneration of players according to actual performance. This means that the best soccer players would be preferred financially, which has not been the usual practice thus far," the chairman of the federation said, raising at least a bit the curtain over what has until now been a top secret issue. [passage omitted]

STATEMENT SUPPORTS NEW SOVIET INF INITIATIVE

LD011320 East Berlin ADN International Service in German 1222 GMT 1 Mar 87

["Joint Statement by the SED Central Committee Politburo, the Council of State, and Council of Ministers of the GDR" -- ADN headline]

[Text] Berlin, 1 Mar (ADN) -- The SED Central Committee Politburo, the GDR Council of State, and the GDR Council of Ministers fully and totally support the announced new pioneering initiative of the Soviet party and state leadership on immediately concluding with the United States -- irrespective of the state of disarmament issues hitherto negotiated in Geneva -- a separate agreement on the total removal of medium-range missiles in Europe.

In accord with the statement made by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, the GDR party and state leadership affirms consent with the USSR that immediately after the signing of such an agreement the operational-tactical missiles of greater range, stationed in reply to the deployment of Persing-2 missiles and cruise missiles in West Europe, be removed from GDR territory.

Mikhail Gorbachev's statement accords with the consistent efforts of the USSR and its allies not to permit a return to a pre-Reykjavik situation and to lead negotiations with the United States on the whole complex of disarmament issues out of the impasse.

The USSR, being responsible and prepared to compromise, has taken into account the wishes and conceptions of leading Western politicians. Now there can be no further excuses. Rhetoric must be followed by deeds. Already in Reykjavik there is, more or less, a completed agreement available on this. Now it will be possible to achieve without difficulty and without delay a final agreement on medium-range missiles. With such a bold first step the prospect of a nuclear-free Europe and the reduction of nuclear weapon potentials overall would come within reach.

Like the Soviet Union, the GDR considers it extremely important not to let up in the search for agreements on substantial reduction and subsequent removel of strategic armaments, and in this connection to prohibit all weapon deployment in space.

The new Soviet initiative is a powerful impulse for all those forces who are serious and honest about peace and disarmament. The SED Central Committee Politburo, the GDR Council of State, and the GDR Council of Ministers affirm that the GDR, side by side with the USSR, her allies, and together with all those who follow common sense and realism, will do everything to ensure that this change is utilized and that at least genuine disarmament will begin.

TV ACCLAIMS PROPOSAL'S 'GREAT ACCOMMODATION'

LD012300 East Berlin ADN International Service in German 2013 GMT 1 Mar 87

[Text] Berlin, 1 Mar (ADN) -- In its evening newsreel program GDR television on 1 March broadcast the following comment on the latest statement by Mikhail Gorbachev:

When we interrupted our programs at 1800 GMT yesterday evening and relayed Mikhail Gorbachev's statement live from Moscow, it became clear to everyone that a great opportunity has opened up to make peace more secure and to reduce the danger of a nuclear disaster. By taking out the issue of medium-range missiles from the total package of Reykjavik, the Soviet Union has shown great accommodation and paved the way for a Europe free from medium-range missiles and subsequently free from theater nuclear missiles. That would be a major step towards a world without nuclear weapons. The new Soviet proposal is all the more realistic since it relates to one of the issues on which both sides agreed at Reykjavik.

The joint statement read out at the beginning of this transmission says that GDR citizens have received this initiative with great satisfaction. This initiative is identical with all the proposals which Erich Honecker has repeatedly put forward, including the GDR's readiness for withdrawing theater missiles from GDR territory. These diabolical weapons, the general secretary once said, should disappear from our country today rather than tomorrow.

Today on 1 March, 1 day after Gorbachev's initiative, Erich Honecker requested Federal Chancellor Kohl to use this favorable moment and contribute along the path of delivering European from medium-range missiles. That would be in accordance with their agreed view which they have repeatedly stated that the GDR and FRG must ensure that war will never again emanate from German soil.

ENVOY CONVEYS MESSAGE TO KOHL ON USSR PROPOSAL

LD011619 East Berlin ADN International Service in German 1336 GMT 1 Mar 87

[Text] Berlin, 1 Mar (ADN) -- Ambassador Ewald Moldt, head of the GDR Permanent Mission to the FRG, today conveyed a verbal message from Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, to FEG Federal Chancellor Helmut Kohl, in which he directed Kohl's attention to the historic chance deriving from the realization of the latest proposal by General Secretary Mikhail Gorbachev for a world without nuclear arms. Erich Honecker recalled in his message to Federal Chancellor Kohl the latter's observation in his letter of October 1986 that the FRG Government is in favor of liberating Europe from nuclear medium-range missiles.

Now a proposal to extract this issue from the Reykjavik package has been submitted. In this case, the GDR stands by its willingness to agree with the USSR Government on the return of missiles of enhanced range deployed in the GDR.

Erich Honecker expressed the hope that the Federal Government would urge its allies toward the realization of these proposals. The realization of the new far-reaching Soviet proposal would, Erich Honecker noted, obviously favorably affect the safeguarding of peace and the further development of relations between the GDR and the FRG.

On the same day, Herbert Krolikowski, state secretary and first deputy minister of foreign affairs, received Hans Otto Braeutigam, head of the FRG Permanent Mission to the GDR, for a talk in which he was briefed on the verbal message from Erich Honecker to FRG Federal Chancellor Helmut Kohl. The head of the FRG Permanent Mission was asked to brief Federal Chancellor Kohl on it.

USSR MISSILE PROPOSAL 'CAUSE FOR OPTIMISM'

LD282202 Budapest Domestic Service in Hungarian 2100 GMT 28 Feb 87

[Istvan Kulcsar commentary]

[Text] The Moscow announcement [by Mikhail Gorbachev on medium-range missiles in Europe] is a sensation in all senses of the word. If a Soviet-American agreement about the dismantling of European medium-range missiles is signed, it will be the most significant arms limitation agreement of all time.

All the current agreements have specified only that no new weapons are to be developed, the number of already existing systems is not to be increased and so on. This will be the first time that weapons in service, and weapons of mass destruction at that, will really be decommissioned. That is if.... [incomplete sentence as heard]

Although an agreement in principle was reached in Reykjavik, and since then the details have also been worked out in Geneva on the basis of NATO's original proposal, the so-called Zero Option, there is of course no certain guarantee that the United States will keep its word and that it will not set new conditions, perhaps by citing its allies. It does nevertheless seem there is cause for optimism. Moscow, by the way, has made another concession by being prepared to take the subject of medium-range missiles out of the Reykjavik package, despite the previously stated views of the USSR. So it does not link the agreement to the limitation of strategic weapons and the halting of the Stars Wars program. With this new proposal it may also open the way toward other arms limitation agreements.

OFFICIAL ANALYZES LAZAR'S VISIT TO ITALY

AU271251 Budapest MAGYAR HIRLAP in Hungarian 20 Feb 87 p 6

[Interview with Deputy Foreign Minister Laszlo Kovacs, member of Premier Gyorgy Lazar's delegation that returned to Budapest from Italy on 19 February by unidentified MAGYAR HIRLAP correspondent]

[Text] On the conclusion of Gyorgy Lazar's official visit to Italy, deputy Foreign Minister Laszlo Kovacs, who was a member of the premier's delegation, gave an exclusive interview to MAGYAR HIRLAP.

[Kovacs] This current visit was the third in 12 years in the series of meetings by Hungarian and Italian premiers. In 1975, at the height of the detente process, the international atmosphere also played a positive role in enabling Premier Gyorgy Lazar to lay the foundations for a more rapid development of Hungarian-Italian relations during his talks in Rome. The 1984 visit to Budapest by Italian Prime Minister Bettino Craxi -- and this was referred to by both sides during the current talks -- was important at that time due to the tense international situation, because it meant preserving the continuity of relations between the two countries and, in a broader sense, the continuity of the East-West dialogue. We can now hope that, due to improving international conditions, Hungarian-Italian cooperation can improve to a qualitatively higher level by relying on the specially underlined historical traditions of both countries, on the mutual sympathy between the two peoples, and on similar interests. During the past few days the possibilities and concrete aspects of this cooperation have been examined by the Hungarian premier and his Italian partners in the negotiations.

Of course, in the discussions special emphasis was laid on the international situation, because both countries are strongly dependent on external conditions. The two sides agreed that the situation is more favorable thatn it was 3 years ago and that there is hope for further improvement. Both sides underlined the special role of the two superpowers and the vital importance of their relations, and they said both the medium and small countries must do their utmost in promoting arms limitation, reducing international tensions, and building the confidence that is indispensable for reaching these goals. They both underlined the special importance of Europe and the favorable international influence of progress in the European process of security and confidence. Thus, this dialogue on the international situation has yet again proved that there are important meeting points in the analyses of the situation made by states with different social systems and belonging to different alliances. The common interest in world peace makes it not only necessary but also possible to act toward the same goal, or even in unity.

During the talks all aspects of Hungarian-Italian relations were discussed. Both sides emphasized the importance of the regular high-level dialogue and its role in stimulating cooperation and positively influencing the European atmosphere. They also expressed their satisfaction with the cultural relations, based on great historical traditions, and with the growing tourism. Most attention was, obviously, directed toward issues of economic cooperation. Good opportunities to review these issues were provided by the meetings between the Hungarian premier and his delegation and the representatives of state and private industry in Italy and those of leading banks. Complete agreement was reached on the necessity ot increase more modern forms of cooperation to reach progress; that is, to increase the number of production cooperation ventures and stimulate the setting up of mixed enterprises. On the Hungarian side, reference was again made to Italian restrictions on Hungarian goods reaching the market. The hosts, both politicans and business leaders, viewed the prospects of eliminating, or at least reducing, these restrictions with greater hope. The possibility of increasing economic cooperation was supported by the Hungarian premier's remark that Italian industry and technology could play a greater role in materializing the Hungarian program for improving and modernizing the economy.

The Italian partners in the discussions showed great interest in the achievements of our economy and in Hungary's social conditions. They often stressed the following: In Italy the Hungarian reform process and the bold search for nww methods is being followed with great attention and affinity. Premier Gyorgy Lazar's remark that, in spite of the unprecedentedly difficult economic situation, Hungary will consistently carry on with the reform had a clearly positive effect. The Hungarian stance that was explained both at meetings and in toasts -- as well as the fact that a visit was made to the Vatican -- convinced everybody that the efforts to increase confidence and cooperation between states with different social systems continue to be an important aspect of Hungarian foreign policy. Hungary cannot and does not want to isolate itself or to box itself in, because its openness is an objective fact -- concluded Deputy Foreign Minister Leszlo Kovacs in his exclusive interview for MAGYAR HIRLAP.

## CUTBACKS PLANNED IN IRON METALLURGY INDUSTRY

LD011236 Budapest Service in Hungarian 0600 GMT 1 Mar 87

[From the VASARNAPI HIREK review]

[Text] Deputy Industry Minister Arpad Vodros talks about the planned renewal of iron metallurgy. He said preparations are underway for the country's largest staff cutbacks at the Lenin metallurgy works in Ozd.

Some 800 workers have already been transferred to other units, but nearly 2,000 people must avail themselves of retraining support and learn a new trade, because a whole range of work places are being abolished. There will not be a reduction in staff at the Duna iron works, because, with a 1 billion forint investment, a new plant will be built this year, where thin sheets will be produced with material-saving technology. These are in much greater demand on the world market. The Hungarian Credit Bank is providing money for the investment. It is also mentioned in the article that we have purchased 400,000 tonnes of iron ore with a much greater iron content from India and 100,000 tonnes from Sweden.

ASSEMBLY TO CONVENE; FOREIGN PROPERTY DECREE

LD271300 Budapest Domestic Service in Hungarian 1100 GMT 27 Feb 87

[Text] The Hungarian People's Republic Presidential Council has convened the spring session of the National Assembly for 1000 on Thursday, 19 March. The government proposes that the National Assembly place on its agenda and debate the draft bill of the land act and a report by the chairman of the Supreme Court and the chief prosecutor.

At its session today the presidential council issued a decree of legal force about foreign residents' right to use property. According to this decree, foreigners may obtain long-term usage of property in Hungary without the need to also acquire ownership rights. The decree will come into effect 1 July.

HORVATH, KARPATI VISIT ARMY TROOPS IN CEGLED

AU271340 Budapest NEPSZABADSAG in Hungarian 26 Feb 87 p 5

[Text] MSZMP Central Committee Secretary Istvan Horvath, accompanied by Defense Minister Colonel General Ferenc Karpati, visited the headquarters of a People's Army division stationed in Cegled on 25 February.

Horvath was informed about the life and activity of the troops by Division Commander Major General Sandor Evin. Horvath then visited a battalion quarters at the Gyorgy Dozsa Army Barracks and several service and accommadtion places. He met and talked with professional and regular soldiers, among them soldiers who had recently joined the army for regular service. To conclude the visit, Istvan Horvath gave a lecture to the professional soldiers on current political issues. Also present at the day-long program was Lajos Krasznai, first secretary of the Pest County MSZMP committee, and Major General Bela Gyorgyi, first secretary of the MSZMP People's Army Committee.

BRIEFS

AMBASSADOR TO MOZAMBIQUE -- Budapest, February 26 (MTI) -- Tibor Ujvari, ambassador of the Hungarian People's Republic to the People's Republic of Mozambique, presented his credentials to President Joaquim Alberto Chissano. [Text] [Budapest MTI in English 1624 GMT 26 Feb 87 LD]

BOMB EXPLODES OUTSIDE GDYNIA PARTY BUILDING

LD281414 Warsaw PAP in English 1328 GMT 28 Feb 87

[Text] Warsaw, Feb. 28 -- A bomb planted in a litter can exploded in front of the PUWP Municipal Committee building in Gdynia last night. The blast demolished glass panes of windows and doors on the ground floor. Metal parts of the bomb and of the litter can were scattered within the radious of 50 meters, but nobody was hurt. Energetic investigation is under way.

RESPONSE TO GORBACHEV'S EUROMISSILES OFFICE

PAP Welcomes Proposal

LD282259 Warsaw PAP in English 2153 GMT 28 Feb 87

["Gorbachev -- Chance to Free Europe From Nuclear Guillotine" -- by PAP commentator Andrzej Rayzacher]

[Text] Warsaw, Feb. 28 -- "A nuclear hurricane will sweep from the earth's surface both socialists and capitalists, the pious and sinners. Is this state moral? -- as communists we believe it's not".

These words, full of concern, uttered by Mikhail Gorbachev at the Moscow Peace forum, where he also spoke of the need to destroy the "nuclear guillotine" hanging above mankind, have not died away yet and we have another step of historic significance, offering a chance to transform this idea into deed.

General secretary of CPSU and at the same time chairman of the National Defence Council, by following a new way in political and military thinking, manifested his great flexibility in the attitude towards the question of halting the nuclear arms race when he agreed to solve, independent of other issues pertaining to nuclear and space arms, the problem of full elimination of nuclear medium-range missiles in Europe.

While untieing the Reykjavik package, Gorbachev offered the U.S. a prompt agreement on withdrawal of Soviet SS-20 Missiles and American "Pershing II" and "Tomahawk" cruise missiles from Europe. Immediately after the agreement is signed, the USSR will withdraw from the GDR and Czechoslovakia theatre nuclear weapons of increased range which had been deployed there and will be ready to start talks on the reduction and full elimination of other theatre missiles.

This is a positive response to American and West European assurances expressed among others in the communique of the NATO Council of December 1986, which said that if the USSR agreed to single out the medium-range missiles issue from the Reykjavik package, there would be no obstacles to reach an agreement on their elimination.

Elimination of that most important, though not the only, element of Europe's gigantic nuclear arsenals would be a step towards freeing the states of the continent of their unwanted role as "nuclear hostages", as has just been said during the Soviet-Italian talks in Moscow.

That would allow to direct the entire energy of the East and West to solving the burning issues of our common home: economic, ecological, cultural or from the sphere of humanitarian contacts which actually have been in the focus of Wojciech Jaruzelski's recent talks in Rome and the Vatican, to vivid response of the Italian and Vatican's hosts.

Gorbachev's initiative has very broad references on the plane of military aspects of European security, including those raised at the 35-nation CSCE meeting Vienna '86, where 23 countries from both blocs entered into informal contacts on expansion of the Conference on the Confidence Building Measures and Security in Europe to enable it to tackle also conventional disarmament across the continent.

Even amateurs realize that military stability in the region covers both the nuclear and conventional aspect of military arsenals. Every step towards nuclear stability facilitates conventional stability.

Considering all this, a first glance shows Gorbachev's today's declaration makes a new breakthrough in the European disarmament dialogue, of consequences beyond what we can now see.

One thing is clear, though, that now all depends on a constructive American response. The U.S. and its European allies should now prove they are not going to ignore post-Reykjavik words that the Reykjavik package should be untied. It has been untied and it is time to act as boldly as the USSR.

On Poland's territory there are several hundred targets mapped out in the nuclear manuals of NATO strategists. Thus we have been top class "nuclear hostages." Every nuclear warhead eliminated from the horrible arsenal of mass annihilation in Europe diminishes the danger threatening our country. Like the rest of Europe, we have always been aware of this threat. The tradition of thinking in the categories of pan-European security in this particular aspect has been always present in our diplomatic initiatives, the Rapacki Plan for instance being a proof of it.

Therefore, the initiative of the Soviet leader met in Poland not only with widest support but it also aroused new, genuine and most vivid hope as it touches out most vital national problem -- the chance to survive and live in peace in the common European home.

## Radio Lauds Disarmament

LD282326 Warsaw Domestic Service in Polish 2210 GMT 28 Feb 87

["World Panorama" presented by Jan Cadowski and Boleslaw Broszczak]

[Text] Today's Soviet disarmament proposals deservedly will soon be at the focus of attention of both politicians and commentators. In "World Panorama" today we wish to make a few of our own observations while the iron is hot.

These proposals are a creative development of the decisions made in Reykjavik. In Reykjavik agreement was reached on the possibility of withdrawing medium-range missiles from our continent over a 5-year period. At the time, however, this was linked with strategic missile accords and the so-called U.S. Strategic Defense Initiative, SDI.

Today the Soviet Union accepts the separation of these issues, taking the view that accords on the elimination of medium-range missiles in Central Europe, on both sides -- NATO and the Warsaw Pact -- will be concluded immediately. At the same time, the USSR is expressing its readiness to withdraw its longer-range missiles unilaterally from the territory of the GDR and Czechoslovakia.

The point is this: this is a continuation of the struggle for European security, a step beyond Reykjavik. It is an expression of the new thinking in matters of international security, while at the same time it shows readiness to compromise with regard to the U.S. standpoint, in the name of the higher aim represented by the immediate liberation of Central Europe from nuclear weapons.

We Poles naturally support this significant new initiative by the Soviet Union.

For years Poland has been consistently striving, and is continuing to strive, for the denuclearization of Central Europe. I will mention only the old Rapacki Plan and the latest talks between Wojciech Jaruzelski and the leaders of Italy and other Western states. The withdrawal of medium-range missiles from Central Europe, including the territory of our nearest neighbors, will reinforce our Polish security in an obvious manner, to say nothing of those missiles now stationed on the territory of the FRG and aimed, among others, straight at Polish cities and road and rail junctions ready to destroy them and our entire country, (?clearly) with the aid of their nuclear warheads.

Our support for the Soviet initiative is an expression of the Polish national interest.

And another thing: Expressing its attitude to today's Soviet proposal will be a test of intent for the United States, as well as its readiness to implement agreements from Reykjavik in the manner described by the United States; that is, each type of rocket to be treated separately. On the other hand, for the Soviet Union these proposals are also an expression of intent, the will for a constructive compromise and a test of a way of thinking. The USSR sees the world not as a polarized system of two great powers. Its aim is to ensure universal security. Today's proposals refer to the security of Europe.

NBP PRESIDENT COMMENTS ON ECONOMIC TALKS IN U.S.

LD282227 Warsaw PAP in English 2133 GMT 28 Feb 87

[by PAP correspondent Jerzy Gorski]

[Text] Washington, Feb. 28 -- Officials of the National Bank of Poland (NBP), led by NBP President Wladyslaw Baka, completed their talks with the World Bank, the International Monetary Fund (IMF) and U.S. Administration here today. The talks with the World Bank and the IMF were concrete and those with State Department officials passed in a very open and frank atmosphere, Baka told PAP.

His delegation had meetings with the president of the World Bank and all the vice-presidents related to Polish affairs, including the directors and heads of the sections dealing with European Issues. The delegation also had talks with IMF Executive Director M. Camdessus and Director L.A. Whittone.

Baka said all the interlocutors of the Polish delegation showed considerable interest in the Polish economy and Whittone, who had visited Poland and is very well familiar with Poland's economic troubles, had almost assumed the role of the advocate of Poland's interests in the IMF.

Baka noted the Polish delegation had arrived in Washington to agree on the rules of Poland's cooperation with the World Bank and the IMF and how that cooperation would actually proceed in different areas. The talks were concrete, as both sides were prepared to discuss highly specific details of their cooperation, Baka said, expressing hope that the effects of the talks would be concrete also in the future.

Much attention was given to the Polish delegation and the talks at both institutions involved displayed a lot of understanding for Poland's difficult economic position.

Both sides tried hard for the talks to be not merely formal, but above all allow to find platforms of common interest in order that "the interests of the World Bank, the IMF and Poland come together," Baka said.

The delegation also had talks at the State Department, including with Undersecretary of State Thomas Simons, which all passed in a very open and frank atmosphere.

Poland is sure to be able to meet its financial obligations towards the U.S. on its own, but not in a short time and not without major changes in the Polish economy as well as cooperative stand on the part of its foreign economic partners, Baka said.

He said the U.S. had particular opportunity to have a part in the cooperative policy of Poland's partners interested in the settlement of the Polish debt.

Talks with head of the U.S. Federal Reserve Administration Paul Volcker covered some budget issues, especially the effect of budget deficit on the policy of stronger currency and credit policies of central banks. The Polish delegation briefed Volcker on Poland's foreign exchange, fiscal and budget policies.

Volcker told the delegation he would welcome NBP president on [as received] an informal central banks club he has formed in his capacity as head of the Federal Reserve Administration.

## LIFTING OF U.S. SANCTIONS SPARKS FURTHER RESPONSE

### Daily Carries PAP Commentary

AU282039 Warsaw SZTANDAR MLODYCH in Polish 23 Feb 87 p 5

[PAP commentary: "Following the Lifting of U.S. Sanctions"]

[Text] President Reagan's lifting of restrictions against Poland gives us double satisfaction. First, it is certain that all moral and legal considerations were and are in our favor; second, we may hope that the lifting of those illegal restrictions is not only a formal act, but also an act that will help restore Polish-American relations based on respect for our sovereignty and on noninterference in our internal affairs.

After all, normalization boasts advantages for both sides and is also important for peace and international stability.

The attempt to isolate Poland in the political and economic sphere misfired. It was destined to misfire because we have recently reinforced our relations with other socialist countries that have given us particularly valuable assistance. This is especially true of the USSR.

We agree that restrictions were painful for us. Two volumes of the "White Book" list the wrongs inflicted on our society. The losses we have suffered are valued at over $15 billion, which means that every day some $8 million were taken out of our common wallet. Every Polish family has felt and will feel the consequences of this loss for a long time to come.

Some members of the U.S. Administration continue to indulge in shabby rhetoric when commenting on the lifting of restrictions, but we hope this rhetoric will change as Polish-American relations improve and as we get to know each other's intentions better.

However, we must be aware of the fact that the comments by U.S. politicians and the press on the lifting of sanctions indicate the process of improving our cooperation will be long. It is true that we have never expected a shower of dollars, but we are entitled to hope that specific measures will be taken to normalize our mutual relations. We will await these measures in the hope that we are right.

ZOLNIERZ WOLNOSCI Comments

AU271146 Warsaw ZOLNIERZ WOLNOSCI in Polish 23 Feb 87 p 2

[Major Ireneusz Czyzewski commentary: "The Antics of Zealous Extras"]

[Text] A few days ago Washington announced the lifting of sanctions against Poland. Words were not spared at the celebration -- for that is how one can describe the meeting -- but instead of pertinent conclusions, the conclusions voiced most eagerly were pathetic and very "television-like." Those present at the meeting did not forget to applaud. Nor was there any shortage of extras. Those extras who reside in Poland or in West European countries saw to it that the praise was just as loud on the following day, when we were informed about it by agency dispatches and subversive centers.

Extras are important. The 5-year-long history of agressive U.S. policy against Poland shows how important a role they were assigned. They were always ready to provide support when this was required by a foreign interest, and they were most zealous servants. They advocated a change, but only one had it become clear that the sanctions idea had been discredited and that it no longer satisfied policy needs. Their views -- we remember this well -- were not able to alter the unanimous results of public opinion surveys. The losses sustained by our economy and our society as a result ofthe sanctions did not give rise to any patriotic thoughts although these losses were plainly visible.

This makes one want to use strong words, language that is perhaps rather too strong because the problems we face in our present situation are different from those of a few years ago. Yet, should these new circumstances make us forget attitudes alien to Polish interests? To place in the background those people and those things that weighed most heavily on the anti-Polish scales and created a convenient alibi and moral justification for American policy?

As far back as August 1983, one of them said: "To lift sanctions would be to send a wrong political signal to Poland..." (L. Walesa speaking to Senator Dodd)

Another one of them was asked what he thought about economic sanctions by a LIBERATION journalist. He said: "Let them use them. I would not hesitate to say that they have a moral obligation to do so." (Interview with Z. Bujak -- 6 October 1983)

"Western sanctions were viewed by all of Polish society as an act of solidarity with it and its aspirations. I am convinced the sanctions imposed by Western politicians fulfilled their role throughout the duration of their existence," said a third, 2 years ago. (Interview with Adam Michnik for DER SPIEGEL)

A fourth declared: "Most people in Poland would view the lifting of sanctions or other forms of supporting the ruling team as a hostile act directed at Polish society." (J. Milewski in May 1983)

Countless examples of statements of this kind can of course be provided; there is enough material.

It is therefore interesting that today these very same hands are raised in applause. In the past this was done in support of sanctions; today it is being done in support of their lifting. Is this not an astonishing instance of metamorphosis?

Perhaps someone less familiar with the secrets of politics would, rather charitably, consider it justified. Well, time has passed, and man has understood. However, this turnabout is not the product of understanding but of political necessity.

It is clear that the United States has made a step in the right direction, as this move is usually described. This is undoubtedly the result of an objective assessment of the situation in Poland and a sizing up of the losses and the damage done to U.S. policy -- U.S. policy has really been harmed and this is not just the opinion of our society. This is indicated by the appearance of an increasing number of American politicians who think in terms of the future, who take into account development processes in the present-day world, and thus appreciate the need for normalization, dialogue, and the search for solutions to conflicts. We hope they will take the lead in Polish-U.S. relations in the coming years.

The United States, which has been troubled by a crisis concerning the ethics of the authorities, the subject of sharp criticism from all sides following Reykjavik, and reproached by world opinion for its continuation of nuclear tests, needs to make gestures and undertake activities that will improve its international image.

The United States -- which has until now been an isolated island in the field of Polish affairs -- needs to change its ineffective tactics and eliminate the traces of a scenario that has failed in every respect.

There was to have been an economic disaster. It is true that we have sustained serious losses, but it is also true that we have a reform program, that the situation is gradually improving, that obstacles are being overcome, and that reserves are being utilized. We were to have found ourselves at odds with our socialist allies, but instead socialist integration has been strengthened, and there has been a rapid expansion of cooperation in all areas. We were to have been isolated in the international arena, but Poland is present wherever important world issues are being discussed, and the number of entries in the calendar of meetings for Polish leaders and diplomats is growing with an unprecedented rapidity. There was to have been social discord and unrest, mutual resentments and mutual hostility; what we have is the reality of national accord that enjoys public support and cooperation among Poles based on supreme national interests.

The combined effect was to have been that of a swift blow, but what we have instead is the fiasco of American intentions imposed on Poland to effect political changes that have ended.

These are the reasons behind the announcement of the lifting of sanctions.

Perhaps there are people who can still be moved by the traditional rhetoric recently used in Washington once again: May the candles that were lit across the ocean 5 years ago continue to provide Poles with light on their "road through darkness." Perhaps this did make an impression on our native claque.

On the other hand, what we tried to detect in the light cast by these very same candles was just a trace of shame in their faces.

Between January 1982 and January 1987 -- between the anti-Polish hysteria in America and in certain other West European states, between great social and economic difficulties exacerbated by sanctions and, on the other hand, practice and progress in stabilization, reform and social renewal -- we see the tangible results of Poland's independent efforts. We see sovereign decisions, and not decisions that were forced on us. There is satisfaction at having taken part in difficult but effective struggles, at having been present in situations that were far from simple, and at having done this in our country and for ourselves.

REPORTAGE ON SPEAKER MALINOWSKI'S VISIT TO INDIA

President Receives Delegation

LD280006 Warsaw PAP in English 2054 GMT 27 Feb 87

[by PAP correspondent Krzysztof Mroziewicz]

[Text] New Delhi, Feb. 27 -- On the second day of the official visit here, Polish Sejm Speaker Roman Malinowski and a Sejm delegation were received by Indian President Zail Singh.

The head of the Indian state stressed significance of the visit to India by the Polish Sejm speaker that confirms that within the framework of actively developing bilateral cooperation parliamentary contacts play a very important role in the process of developing relations between both countries in all key branches.

On the same day, the Sejm delegation took part in the debates of both houses of the Indian Parliament.

Polish-Indian parliamentary talks, chaired by Balram Jhakhar and Roman Malinowski, were held in the afternoon.

During the meeting, Deputy Sejm Speaker Marek Wieczorek, head of the Polish-Indian parliamentary group, briefed both sides on tasks the group sets itself in consolidating Polish-Indian friendship.

Also today, the Polish Sejm speaker and members of the delegation met Indian Minister of External Affairs Naraian Dutt Tiwari.

Both sides voiced satisfaction over the state of Polish-Indian relations.

Roman Malinowski stressed that Poland expected with great interest a visit in Poland by the head of the Indian diplomacy to be paid at the invitation from the Polish foreign minister. N.D. Tiwari said he would be pleased to visit Poland soon.

The Sejm speaker also called on Minister of Parliamentary Affairs H.K.L. Bhagat.

### Parliament Greets Official

LD271402 Warsaw PAP in English 1312 GMT 27 Feb 87

[Text] New Delhi, Feb. 27: A delegation of the Sejm (Poland's parliament), headed by Sejm Speaker Roman Malinowski, now on an official visit to India, took part in the debates of both chambers of the Indian Parliament.

The delegation was greeted and presented to Indian deputies by chairmen of the two chambers, Indian Vice-President Ramaswamy Venkataraman, and Balram Jhakhar.

The visit to the parliament coincided with a session devoted to deputy's question time, during which deputies discussed questions concerning financial, defence, water resources and power industry issues.

In the morning hours, the Sejm speaker and persons accompanying him met Indian Minister of Foreign Affairs Naraian Dutt Tiwari. Both sides expressed satisfaction over the state of Polish-Indian relations. The Indian minister especially stressed the development of the economic cooperation. This problematique [as received] was discussed with an eye to perspective [as received] joint undertakings.

### Arrives in Bangalore

LD012247 Warsaw PAP in English 2215 GMT 1 Mar 87

[Text] New Delhi, March 1 -- The Polish parliamentarian delegation headed by Speaker of the Sejm Roman Malinowski, now on an official visit to India, arrived in Bangalore, the capital of the Karnataka State, on Saturday.

The Polish delegation was greeted at the airport by Chairman of the Legislative Council R.B. Potbar.

Today, Polish parliamentarians toured historical sites in Karnataka's most important centres.

On Monday, members of the Polish delegation are to hold a meeting at the seat of the state's legislative assembly as well as a meeting with the state's executive authorities. They will also visit a number of industrial and scientific-research centres.

## DELEGATION ATTENDS SWISS WORKERS PARTY CONGRESS

### PUWP CC Sends Message

LD281957 Warsaw PAP in English 1810 GMT 28 Feb 87

[Text] Geneva, Feb. 28 -- A delegation of the PUWP to the 13th congress of the Swiss Workers' Party now underway here delivered a message of the PUWP CC to the gathering, expressing the conviction that it would consolidate the party and strengthen its influence within the Swiss working class.

The message also expressed the conviction that the forces of commonsense and realism would increase their joint efforts for nuclear disarmament. Today, the struggle for securing a peaceful future of the whole world should be the main target of communists, said the message and voiced the hope that the friendly contacts between the Polish Communists and the Swiss Workers' Party would evolve favourably in the interest of peace and socialism. The Polish delegation is headed by CC member, head of the CC socio-vocational department Maciej Lubczynski.

Session Concludes 1 Mar

LD012243 Warsaw PAP in English 2214 GMT 1 Mar 87

[By PAP correspondent Edward Dylawerski]

[Excerpts] Geneva, March 1 -- The 13th Congress of the Swiss Workers' Party which wound up its three-day debates here today was attended by delegations of fraternal communist and workers' parties, including a delegation of the PUWP. [passage omitted] During a meeting of the Polish delegation with the newly appointed General Secretary of the Swiss Workers' Party Jean Spielmann, the two sides exchanged views on further cooperation between the two parties.

GOVERNMENT PRESIDIUM REVIEWS DRAFT RESOLUTIONS

AU271215 Warsaw TRYBUNA LUDU in Polish 24 Feb 87 p 2

[Excerpts] PAP -- On 23 February, the Government Presidium viewed a report on Poland's implementation of the comprehensive long-term CEMA scientific-technological development program until the year 2000. [passage omitted]

The Government Presidium stressed the need to fully implement the program as one of the conditions necessary for a more rapid attainment of socioeconomic goals.

Next, the Government Presidium examined a Council of Ministers draft resolution concerning awards for conspicuous achievements in the field of science and technology and financial grants for research of importance to the national economy. The draft permits funds and facilities for persons making an important contribution to research. [passage omitted]

Finally, the Government Presidium examined a Council of Ministers draft resolution on fees payable to the state budget for violations of the rules governing the supply of materials and technology.

ZYCIE WARSZAWY PRINTS 'THESES' OF WARSAW PZPR

AU281514 Warsaw ZYCIE WARSZAWY in Polish 23 Feb 87 p 2

["Theses" of the report read by Andrzej Skapski, secretary of the Warsaw PZPR Committee, at the 21 February Warsaw meeting of secretaries of the Warsaw primary party organizations]

[Text] Party policy must be implemented with the same perseverance at the top and at the grass roots level. Even the best and most meaningful decisions made by party congresses and conferences and by the Central Committee plenums will not produce the expected results if primary party organizations fail to put these decisions into practice in all communities.

The above quotation represents the guiding motive of the report of the Executive Team of the Warsaw PZPR Committee. The following are the main theses of the report:

-- It is the task of the party to see that criticism generates action and not frustration.

-- It still happens only too often that verbosity at meetings or the practice of excusing helplessness by "objective" reasons replace efforts to solve difficult problems.

-- Inflation is still very high because workers' wages continue to outstrip productivity.

-- Those whose management is effective should be given more room for initiative and those whose management is ineffective should not be allowed to get away with it.

-- The second stage of the economic reform means business accounting, fiscal autonomy for each plant and job, an enterprising spirit, competition, and innovation.

-- We cannot afford to waste time because time waits for no one; dawdlers will be left behind.

-- Embellishing reality and concealing obvious errors are brakes on change and progress and create a harmful mood of self-complacency.

-- Primary party organizations have to act as the chief advocates of truth, social criticism of shortcomings, and struggle against these shortcomings.

-- The cult of mediocrity is in conflict with the need to accelerate economic development, and approval of mediocrity acts as an incentive for "not getting out of line."

-- The special mission of primary party organizations is to promote social levers of progress and of modernity in work organization and technology and to exert political influence for this purpose on the managing cadres.

-- Instead of attending conferences, one should go to the people to be closer to them and their jobs.

-- The PZPR must be a party of exacting demands: This is one of those correct slogans that will remain slogans as long as primary party organizations fail to implement them in daily practice.

-- The second stage of the economic reform has boosted the importance of a rational cadre policy.

-- To expand the social base for recruiting managing cadres, it is necessary to encourage talented, enterprising, ambitious, and honest people, regardless of whether they hold party cards.

-- The trade union movement is an important ally for the party, and it is the duty of the entire party and of primary party organizations in plants to listen to trade union views and to consider them with the necessary attention and respect.

-- We regard social organizations and associations as our natural allies and partners because they are schools of useful civil activities and initiatives.

-- It is important for primary party organizations to influence the ideological and political image of youth organizations.

-- The fact that we bank on young people should encourage us to appoint young people into leading posts more frequently and to be bolder in creating cadre reserves from young and talented people of ideological integrity.

-- The effectiveness of party action and leadership is determined equally by the consistency and energy of both the supreme party authorities and the primary party organizations.

GENERAL SPEAKS ON SOVIET FORCES ANNIVERSARY

AU281736 Warsaw ZOLNIERZ WOLNOSCI in Polish 21-22 Feb 87 p 2

[Speech by General of Arms Wojciech Baranski, chief of the Combat Training Main Board of the PPR Armed Forces, at a gala concert held in Warsaw on 20 February to mark the 69th anniversary of the Soviet Armed Forces]

[Excerpt] [Passage omitted] The Soviet Armed Forces have shown the world they are capable of defending themselves against any aggression, against any force eager to reverse the course of history. Imperialism has never renounced such plans. It is endeavoring to realize its intentions in various ways and in various regions of our stormy world. Its failure to achieve these objectives is due to the historic service being performed by the land of the Soviets and its heroic Army.

The present-day Soviet Armed Forces are a shield of peace and socialism and a guarantee of world security. They constitute the largest army in the world, an army that is expertly trained and possesses the most modern equipment and weaponry. This must be considered by all those who find it difficult to coexist with socialism.

The United States leads in the destruction of the principles of peaceful coexistence in Europe and the world. The United States has only one goal: imperialist world domination. It is laying the foundations for future military operations in Europe by helping to arm its NATO allies, and drawing them into an increasingly risky game. This increases tension and encourages illusory schemes pertaining to a change in the balance of forces.

Every successive day of peace in Europe calls for a united effort. This peace is the product of the hard work of the Soviet people and of the peoples of all the socialist states. It is protected by the might of the Soviet Army, by the armies of the Warsaw Pact states -- which are linked to the Soviet Army by ties of friendship and enduring alliance -- and by the strength of the international workers movement and of progressive forces all over the world.

The Soviet Armed Forces comprise the main element in socialism's defensive coalition. Thanks to the continued concern of the party, they are always -- in line with the needs created by the level of imperialist threat -- ready to repulse any attack and any aggressive act. Educated in a spirit of comradery with its class allies, solidarity with progressive social forces, and respect for the sovereignty of other nations, the Armed Forces of the land of the Soviets effectively safeguard a policy of peace and humanism.

The Soviet art of warfare has developed splendidly during the course of these 69 years -- from the legendary machine-gun cart to the supertechnology of today. The political thought of the CPSU has made a contribution to these great achievements, as has the selfless labor of the people and the efforts of a talented commanding cadre, staff officers, and political workers. But technology, even if it is the latest technology, is no substitute for man, his political consciousness and his ideological motivation. Thus, ideological commitment and loyalty to the principles of socialism are a constant decisive factor in determining the strength of the Soviet Armed Forces.

The might of the Soviet Armed Forces is obvious. In the name of supreme goals -- the survival of mankind and man's happiness -- the might and technical capacity of the Soviet Armed Forces can be reduced. The Soviet Union has made concrete suggestions and proposals with this in mind on many occasions. These suggestions and proposals were confirmed by Mikhail Gorbachev during the international Moscow-87 peace forum.

Comrades and friends, the Polish People's Armed Forces are linked to the Soviet Armed Forces by joint combat experience in the past and by joint peace-time service in defense of our nations' socialist achievements. Today, our alliance and comradeship-in-arms, which go back to the war years, are being strengthened on firing grounds and enriched during the course of joint exercises. We will continue to intensify and expand the military cooperation between our socialist armed forces. The times call for this. [passage omitted]

## POLLS REVEAL ATTITUDES TOWARD RELIGION, CHURCH

AU281647 Warsaw SLOWO POWSZECHNE in Polish 25 Feb 87 p 4

[Report signed J.T.: "The Catholic Church Is Good for Our Society"]

[Excerpts] Stanislaw Kwiatkowski, head of the Public Opinion Research Main Center, published in the 22 February issue of PZREGLAD TYGODNIOWY an article entitled "Religion and Politics." [passage omitted] The article states:

"Data which have been verified several times show that a decisive majority of our people are believers, although they differ in the intensity of their religious practices. About 50 percent of them attend church on Sundays. A nationwide poll in June 1985 showed that the holy mass on the Sunday preceding the poll had been attended by 49.5 percent of workers, 45.5 percent of intellectuals, and 67.5 percent of farmers.

"Young people and old-age pensioners constitute the largest proportion of believers and regular religious practitioners. Private farmers, mostly older people with primary and vocational education, are the most religious occupational group. It is also interesting that almost 3 percent of the intellectuals who attend church services are nonbelievers. Schoolchildren are much more religious than their parents and teachers. [passage omitted] Some 62.5 percent of parents with children between 14-18 say they see to it that their children attend religious instruction and that it is their wish that their children develop the necessary attitude toward the practices taught by the Catholic Church."

Regarding respondents' views about the role of the Catholic Church in Poland, S. Kwiatkowski writes the following:

"The view of the adult population is that the Catholic Church is good for our society. About 80 percent of all respondents, all of them believers, always express their view. But our Armed Forces and the Sejm are not very far behind."

"Respondents see the Catholic Church as one of the most influential institutions nationwide and as a significant feature of the life of the entire nation. In June 1985, 20.4 percent of respondents thought the church's influence was very great, 38 percent that it was great, 24.7 percent that it was small, and only 9 percent thought that the church's influence was almost without significance. [passage omitted]

"As for the need for the church to cooperate with the state, the same respondents thought this was fully possible (12.8 percent), that it was possible on many issues (35.4 percent); and that it was possible on some issues (23.3 percent). Some 9.9 percent of respondents did not see such possibilities (18.6 percent of these 9.9 percent chose to state 'difficult to say.')" [passage omitted]

The article states in conclusion: "All in all, the Poles regard the Catholic Church as an institution that plays a crucial role within our society and possesses the intellectual and other potentials that can be exploited for the benefit of the nation without putting the nation against the socialist state...."

This is probably the most important conclusion of the poll.

COURT SENTENCES PISKOREK FOR ATTEMPTED HIJACK

LD271144 Warsaw PAP in English 1126 GMT 27 Feb 87

[Text] Warsaw, Feb. 27: A regional court in Wroclaw ruled five years of jail for attempted hijack of a domestic airliner on Aug. 28, last year.

Dariusz Piskorek, 19, was overpowered by flight security officers aboard a state airline "Lot" plane on the way from Wroclaw in south-western Poland to Warsaw, after he threatened a stewardess with a razor blade to enforce a change of destination.

The court also ordered the hijacker to pay 50,000 zloties to the stewardess who was wounded in the incident.

BRIEFS

PLANNING APPOINTMENT CHANGE -- The chairman of the Council of Ministers has recalled Jerzy Gwiazdzinski from the post of deputy chairman of the Planning Commission and appointed Andrzej Sokolowski to the same post. [Text] [Warsaw Television Service in Polish 1830 GMT 29 Feb 87 LD]

FACTORY DRUNKENNESS REPORTED -- Warsaw, Feb 26 -- Last year at the motion of the General Public Prosecutor's Office a control was carried out at nearly 700 factories employing totally over 472 thousand people. Only in 78 mostly small factories there were no cases of violating of the law on upbringing in sobriety and acting against alcoholism. In the rest of the factories employing 453 thousand people overall, over 5.2 thousand cases were recorded of violating this law. According to the guidelines of the Minister of Labour, Wages and Social Affairs of 1983, each factory should work out an internal system of sobriety observance to prevent the drunk from workstands. In 530 of the inspected factories such systems have actually been created, but, all the same, there is still too much liberalism towards drinking. [Text] [Warsaw PAP in English 0905 GMT 26 Feb 87 LD]

AGERPRES WELCOMES GORBACHEV MISSILE PROPOSAL

AU011740 Bucharest AGERPRES in English 1631 GMT 1 Mar 87

["Romania Welcomes the Soviet Medium-Range Missile Proposals" - AGERPRES headline]

[Text] Bucharest, AGERPRES, 1/3/1987 -- It is with deep satisfaction that public opinion in the Socialist Republic of Romania has learnt of the statement of the general secretary of the CC of the CPSU, Mikhail Gorbachev, about the Soviet Union's proposal to detach the question of medium-range missiles in Europe from those of strategic and space weapons, and to conclude a separate accord in that field.

Agreement on that question -- that would meet the ever more imperative demands of the peoples of Europe and the world -- would be a major step toward concrete and efficient disarmament measures, toward safeguarding peace on our planet. For this reason, the new proposal of the Soviet Union must be welcomed as real progress, as a major and constructive initiative on the path of peace. Giving expression to the will of peace of Socialist Romania President Nicolae Ceausescu repeatedly, and with good cause, said that: "a general agreement to eliminate medium-range missiles from Europe would be highly significant for the implementation of the programmes aimed at nuclear arms reduction down to their complete liquidation -- and at conventional disarmament in general". In October 1986, after the Reykjavik meeting, the Romanian party and state leader showed that "we consider that the questions of nuclear arms in Europe can be solved without relating them to the whole package of problems -- and they are in no way connected to the 1972 treaty either -- so they can be approached and solved separately. There are other problems which are closely connected -- this is something we realize -- but, in our opinion, action is required for an approach to problems that is not necessarily comprehensive, but phased, and one of these phases would be to eliminate Euromissiles".

Starting from the idea that, in the present particularly grave and complex circumstances, the fundamental problem is to stop the arms race and pass on to disarmament, nuclear disarmament first and foremost, the new proposals contained in the statement of the general secretary of the CC of the CPSU, Mikhail Gorbachev, show realism, a sense of reason and responsibility, they open new and real possibilities for negotiations to be as productive as possible and end up in results that meet the expectations of world progress.

Restating its support to the Soviet Union's proposals for the achievement of disarmament, public opinion in our country considers that the cause of general peace stands again a good chance, that the dangerous arms race can be stopped, and stresses once more the decisive importance of the continuation of dialogue to get to solutions.

The first official reactions to the new Soviet initiative in various countries of the world are encouraging. No effort should be spared to come to accord, in this field, stop the arms race and pass on to disarmament, the only way to ensure the foremost human right -- the right to live. The present situation entitiles us to hope that agreements could be reached to eliminate intermediate-range missiles from Europe as a first and major step toward nuclear disarmament, toward the entrenchment of a climate of trust and cooperation among all the nations of the world.

An early accord on medium-range missiles in Europe as evidence of a real wish to take steps toward halting the arms race would fulfill a great will of all the peoples of the world to avert the threat of a nuclear war and live in peace and full security.

## SOVIET AMBASSADOR DENIES FUEL SUPPLIES BLOCKED

LD271635 Belgrade TANJUG in English 1544 GMT 27 Feb 87

[Text] Bucharest, February 27 (TANJUG) -- Soviet Ambassador to Romania Tyazhelnyikov has denied "numerous rumours that difficulties in fuel and energy supplies to the Romanian industry and population during the winter period were the result of the standstill of deliveries from the Soviet Union". He specified that last month alone, the Soviet Union delivered [to] Romania 38 million cubic metres of gas over the agreed quantities and oil for 27 million roubles more than the value of Romanian exports to the Soviet Union. And this "in a situation when we too have difficulties with fuel and energy because of the harsh winter", he said.

Newsmen were informed that in only one year -- 1986 -- the participation of fuel, energy, raw and semimanufactured material in Soviet exports to Romania increased from 60 to 70 percent.

Speaking at a press conference, the Soviet ambassador said that compared to 1985, trade between the Soviet Union and Romania last year increased by 24 percent -- "Moscow's largest increase in trade with any of the socialist countries" in 1986.

At the press conference convened on the occasion of the "commemoration of the anniversary of the 27th Soviet party congress", it was set out that the protocol on trade between Romania and the Soviet Union for 1987, signed at the end of 1986, envisages a further increase of 12 percent. It was announced that this year Romania will increase its participation in the construction of a plant for the enrichment of iron ore in Krivoy Rog in the USSR and in the construction of a gas pipeline from the USSR via Romania for Turkey and Greece. In return, the Soviet Union will supply Romania with additional quantities of natural gas and iron ore.

## RCP SECRETARY ENACHE RECEIVES PZPR ACTIVISTS

AU281917 Bucharest AGERPRES in English 1556 GMT 28 Feb 87

[Text] Bucherest AGERPRES 28/02/1987 -- Petru Enache, alternate member of the Executive Political Committee, secretary of the CC of the RCP, received a delegation of activists of the Polish United Workers' Party, headed by Zbigniew Domino, deputy head of the cultural section of the CC of the PUWP, who, at the invitation of the CC of the RCP, paid a visit of swap of experience to Romaina, over February 23-28.

During the talk on the occasion, they evoked the good relations of friendship and collaboration established between the RCP and PUWP, between Romania and Poland, expressing the wish to deepen and expand them in the future, in the spirit of the understandings reached between Nicolae Ceausescu, general secretary of the Romanian Communist Party, president of the Socialist Republic of Romania, and Wojciech Jaruzelski, first secretary of the Central Committee of the Polish United Workers' Party, president of the State Council of the Polish People's Republic, to the benefit and in the interests of the Romanian and Polish peoples, of the cause of socialism and peace. The interview was attended by Boguslaw Stachura, Polish ambassador in Bucharest.

During their Romanian visit the delegation of PUWP activists had talks at the CC of the RCP, the Council of Socialist Culture and Education, the Bucharest Municipal RCP Committee and the Iasi County RCP Committee, the Writers' Union and the Composers' Union, toured economic and socio-cultural objectives in Bucharest and Iasi municipality.

## CEAUSESCU RECEIVES FRENCH ENVOY'S CREDENTIALS

AU261915 Bucharest AGERPRES in English 1835 GMT 26 Feb 87

[Text] Bucharest AGERPRES 26/2/1987 -- On February 26 President Nicolae Ceausescu of Romania received Jean Marie le Breton who presented his letters of credence as ambassador extraordinary and plenipotentiary of the French Republic to Romania.

On handling him the letters of credence, Ambassador Jean Marie le Breton conveyed to President Nicolae Ceausescu, to the Romanian Government and people, on behalf of President Francois Mitterrand of the French Republic and of the French Government and people a message of friendship and warmest wishes. The address presented by the ambassador brings to the fore the tight relations of collaboration between France and Romania, between the French and the Romanian peoples, as well as the resolve to work for a further development of the bilateral collaboration, for a strengthening of the relations between the two peoples on multiple planes.

Receiving the letters of credence, President Nicolae Ceausescu of the Socialist Republic of Romania conveyed to President Francois Mitterrand best wishes of success in his entire activity and wishes of prosperity, progress and peace to the friendly French people.

President Nicolae Ceausescu's replying address evokes the traditional relations of friendship and collaboration between the two countries, that in modern times have witnessed a multilateral development. Stress falls on the fact that the exchange of visits at summit level, the understandings and agreements reached on those occasions have been of decisive importance for the continuously ascending evolution of these relations. The address also highlights the possibilities extant for a more powerful development of the French-Romanian collaboration and cooperation in the interest of the two peoples, of the cause of peace, detente and understanding in Europe and throughout the world.

Highlighed Romania's preoccupation with the setting in of a lasting climate of peace and wide collaboration among nations, the address points out Romania and France can and should collaborate more tightly, both in the European plane and on a more general plane; in view of implementing the major desiderata of all the nations -- disarmament, removal of the nuclear danger, materialization of concrete, efficient measures in the field of conventional disarmament. After the presentation of credentials President Nicolae Ceausescu talked with ambassador Jean Marie le Breton.

### Meets Departing FRG Envoy

AU252033 Bucharest Domestic Service in Romanian 1800 GMT 25 Feb 87

[Text] Romanian President Comrade Nicolae Ceausescu today received FRG Ambassador in Bucharest Hartmut Schultze-Boysen at the conclusion of the latter's mission in our country.

## USE OF PRIVATE CARS RESUMES THROUGHOUT COUNTRY

AU011404 Bucharest Domestic Service in Romanian 0500 GMT 1 Mar 87

[Text] The Traffic Department of the General Police Inspectorate announces: As of today, use of private cars may be resumed in Bucharest Municipality and in all the counties of the country. Today cars with odd-number licence plates can be driven.

## USSR RESISTANCE TO GORBACHEV RESTRUCTURING NOTED

LD011722 Belgrade TANJUG in English 1550 GMT 1 Mar 87

[By Aleksandar Novacic]

[Text] Moscow, March 1 (TANJUG) -- Mikhail Gorbachev's speech to the recent Soviet trade unions congress has been somewhat "modified" in the Soviet press. This in fact refers only to its small portion in which the general secretary spoke about the resistance to the "restructuring" and about "short-term" and lasting interests of the working class. In this reference, he mentioned the example of Lenin's days when a section of the working class opposed the signing of the treaties of Brest-Litovsk.

This portion, carried by the official TASS News Agency, was dropped by the Soviet press, and was not sighted on television which was broadcasting the speech. Certainly, no major inferences should be drawn from this, but, at all events, it presents an interesting historical parallel of how even the most progressive class -- as is the working class defined more often than not -- can resist either reforms or fresh initiatives.

From more than one speech by Gorbachev, just as from what the Soviet press writes, it follows that there is not one unified segment entirely against the reforms just as there is not a segment "entirely for restructuring," In each of the population categories there are both of the tendencies.

Concerning the vehicles of resistance to the restructuring, a typical view is presented by Academician Pavel Bunich who told a roundtable discussion that the directors of enterprises were the biggest opponents of the reforms. Bunich held that the restructuring and the (?enforcement) of the new economic mechanism were advancing slowly because of the three main reasons. The first was described as the "illiteracy, misunderstanding, and failure to master the matter." Bunich pointed out that for long years the directors had been trained to manage the enterprises according to "instructions" received from the ministries.

The second reason for resistance is seen by Bunich in the ministries and administration that "do not believe us." Those are many, said Bunich, who want production maintained at an optimum level and they always see to it that they have "sufficient reserves."

The third reason, he holds, is people who simply want to keep their positions.

Unlike Bunich, a different view is presented by an ex-foreman and now the manager of a building construction enterprise. Fairly well known in the USSR, Nikolay Travkin, speaking at the T.U. Congress, saw the reasons for resistance from another angle. He analyzed the new draft legislation on enterprises to conclude that it was in a way contradictory for regulating some of the essentials in the old manner and [words indistinct] the party's new stands.

The draft of what is an important law had been three times discussed by the Politburo but without a conclusive accord. Objections have already been voiced that the draft, adopted at the January plenum of the party Central Committee, was only a half-way measure.

Travkin believes that the draft equivocally regulates the "concrete rights of enterprises." He observes that Gorbachev, at the January plenum, said that the workers' councils should be given the "rights to decide on the most important questions," while the draft new act substitutes "decide" with "consider."

Apparently this is the most essential objection to the new act that (?accounts) for so far the biggest turnabout in the Soviet economic system, the half-way turnabout according to those discontented.

'TEXT' OF 26 FEB MIKULIC SPEECH TO SFRY ASSEMBLY

LD272230 Belgrade TANJUG Domestic Service in Serbo-Croatian 2010 GMT 26 Feb 87

["Text" of speech by FEC President Branko Mikulic to the SFRY Assembly on 26 February]

[Text] Belgrade, 26 Feb (TANJUG) -- After several months' work at the end of last year the SFRY Assembly adopted the resolution on socioeconomic development in 1987. On that occasion it was pointed out that we were not satisfied with what had been achieved in 1986, particularly in curbing and reducing inflation, halting the growth of general and joint expenditure, and with results in exports and foreign exchange inflow. These problems have been carried over into this year. It will be more difficult to bear this burden than in 1986. Some positive effects for Yugoslavia in the international capital market and in trade in 1987 will be considerably smaller than last year.

With the resolution we decided to: 1) increase production and accelerate the growth of exports, 2) raise economic productivity and efficiency, 3) considerably reduce inflation.

At the same time, several systemic laws were adopted with the resolution. These laws, in accordance with realizing the long-term economic stabilization program, regulate conditions of economic activity and by introducing real economic categories into economic life create conditions for a more comprehensive activity of economic and market laws.

The main objective we want to achieve by adopting these plan and legal regulations is to end the trends present in our economy for several years, and to ensure a way out from the economic and social crisis according to the long-term economic stabilization program and orientations from the 13th LCY Congress.

However, at the end of last year and at the beginning of this year there was further intensification of unfavorable trends in many sectors of social reproduction, a situation already threatening realization of 1987's established aims and tasks and possibly leading to an even deeper crisis with unforeseeable consequences.

In view of this the FEC introduced new measures which would halt negative trends and which would ensure realization of objectives established in the resolution. [paragraph continues]

With these measures new stimuli are given to production, exports, and foreign exchange inflow; general and joint expenditure will grow while inefficient and unproductive investment is curbed; growth of personal incomes is conditional on increased work productivity; credit and monetary policy will be improved; financial discipline will be considerably strengthened; measures will effect the elimination of the present gap between supply demand, and while the tax system will be improved.

In January industrial production was 2 percent lower than in the same period last year, except in Croatia, Macedonia, and Kosovo; in all other republics and Vojvodina industrial production was lower than in the same month last year. Such a decline in industrial production in 1 month would not be worrying if it were not a case of continued decreased production, a trend apparent throughout last year.

Our concern is not lessened by the fact that negative industrial production this January was influenced by a very high base from January 1986 (12.3 percent), and considerably by this January's unfavorable climatic conditions which partly caused lower production, particularly in mining. A relatively high level of raw material stocks in industry, adequate electricity, reserves in capacities and work forces, and great demand in the domestic market made it possible in objective terms to achieve industrial growth. However, all this was not enough to reverse the trend toward declining industrial production that has lasted several months.

It is certain that the so-called inflationary way of economic activity has a negative impact on work, creativity, and production, that a section of the economy has oriented itself for domestic production alone. Due to the lack of domestic or foreign competition, and even with low utilization of capacities, sufficient income is ensured. It is certain that the economic policy and tax system did not exercise pressure and stimulate higher productivity and exports, and that this subjective factor was lacking. On several occasions we discussed these and other causes that have a negative impact on production and exports, so I will not repeat them. But on this occasion it should be said that unless we effect a change toward making production more dynamic we will find ourselves in a very difficult situation. Since this would undoubtedly increase the gap between supply and demand, this would stimulate is inflation while reducing exports. With a decline in exports the foreign exchange inflow would decrease, and thus also the possibility of imports, resulting in a further decline in production and leading to a vicious circle of increasingly low production and exports and higher inflation.

Increasing, particularly for exports to convertible markets, is thus one of our society's priority tasks. Without this, no other task we have set for material and social development (the increase of exports, more dynamic growth, improving the living standard, productive employment) can be realized, nor could a stabilized economy reduced inflation be realized. We know that and production cannot be made more dynamic only by economic policy measures. All organs of sociopolitical communities and organizations, delegates assemblies, self-managing organs in organizations of associated labor, and working people should make daily efforts toward this end. A more effective, utilization of available production capacities, work potential, and financial assets, pooled labor and resources, division of labor and specialization of production and joint participation foreign markets can be achieved only through the activity and responsible work of all self-managing and political institutions and organizations. [paragraph continues]

This cannot be realized only through the activity of one organ, for example, the FEC. On the contrary, such possible hopes would lead to a further decline in production and thus into an increasingly deep crisis. Of course, appropriate solutions in the economic system and economic policy are of great significance in stimulating production. But without a general mobilization and activation of all opportunities offered by the socialist self-managing system we cannot make production more dynamic or realize a change in the national economic activity.

Worrying trends in January also appeared in foreign trade. The value of exports, conveyed in dollars, for the period 1 January-16 February this year was 22 percent lower than for the same period last year, while the value of imports was also approximately 28 percent lower. Unless there is a change in the growth of exports, we will find ourselves in an exceptionally difficult situation. A possible continuating of declining exports would also result in exacerbating problems, apart from those already mentioned, in maintaining the country's foreign liquidity and in regularly meeting commitments to foreign creditors. To date we have successfully dealt with this problem and have regularly met all established commitments.

It is necessary to remember that external conditions for achieving better foreign economic relations this year were also less favorable than last year: economies of individual countries become increasingly interdependent within the framework of the existing regional economic groups and their isolationism; protectionism gains strength in international economic relations; the problem of developing countries' liquidity is being exacerbated, which limits their development and economic cooperation with other countries; debt repayment is increasingly difficult to bear because it reduces funds for the development of debtor countries; and the prices of raw materials and semi-manufactures are increasing.

This means that economic cooperation, particularly exports of goods and services, will take place this year in more complex conditions, requiring additional measures for stimulating exports and much better organization of the economy in exchange and cooperation with other countries.

The FEC believes that the balance of payments deficit should be dealt with primarily through increasing exports and foreign exchange inflow, as well as reducing foreign exchange expenditure not serving to increase production and exports. With this aim we have adopted a number of measures for stimulating exports and higher foreign exchange inflow, and are also considering possibilities reducing foreign exchange expenditure by organs of the federation, republics, and provinces.

Judging by the information available, the growth of all aspects of expenditure from last year also continues this year with all the negative consequences resulting from this and affecting the economic stabilization policy.

In 1986 general and joint expenditure exceeded all limits of realistically possible growth. Despite the resolution directing growth of general and joint expenditure should be 5 percent less than the growth of the economy's social product, and despite the SFRY Assembly recommendation on the need to reduce this expenditure within the envisaged frameworks, in 1986 general and joint expenditure was more than 25 percent higher than the level envisaged in the resolution (real growth 18.5 percent). This has resulted in a further visible aggravation in the economy with regard to income distribution, and thus also to its accumulative and reproductive capability.

There is a real danger that uncontrolled growth in general and joint expenditure could continue this year as well. The income collected for general and joint expenditure this January was 110 percent higher than in January 1986. Assets for joint expenditure were increased by 140 percent and for general expenditure by 80 percent.

Such growth in general and joint expenditure, while weakening the economy's material position, also necessitates increasingly high debt; this increases business expenses due to interest rates, which are then "built into" prices and cause their increase, not only due to the inflation of demand, but also the inflation of expenses. It is certain that the economy cannot endure such a burden of costs for general and joint expenditure.

More coordinated relations in distributing income for special purposes, achieved through efforts over several years (1979-84), were again upset in 1985 and 1986 despite established policy that personal incomes should change according to the growth of work productivity. Real personal incomes last year grew by 10.1 percent (and in December, compared to December 1985, by as much as 18 percent), considerably exceeding all production and business results. Personal income, following the logic of healthy business activities, should be directly linked (for example, work productivity, as a global indicator of the quality of growth and development, as well as the basis for assessing the trends in the future, grew last year by only 0.6 percent).

An exceptionally high increase in personal incomes took place in last December. The volume of personal incomes paid in December 1986 was 123 per cent higher than a year earlier, and 22 percent higher than in last November.

There are several reasons why measures for bringing personal incomes into line with the established resolution on the 1986 economic policy did not yield expected results.

It is obvious that many organizations of associated labor have inconsistently conformed their self-managing bylaws to established policy, and that they then failed to respect these bylaws on the distribution of personal income. This is confirmed by the fact that personal incomes exceeded the envisaged frameworks even after the normative deeds of associated labor organizations referring to income distribution have been coordinated with social compacts. In December, when there were "breakthroughs," real personal incomes in the second half of 1986 grew more slowly (5.7 percent) than in the first half of the year (12 percent).

A high growth of personal incomes last year was also caused by the fact that until the middle of October 1986 interest rates on credits were also included in accumulation.

It should be said that efforts to bring personal incomes into line with work productivity in our country have always met with some resistance arising as a consequence of various ways of examining this question. Often it is pointed out that personal incomes in our country are relatively low, that they lag considerably behind workers' salaries in developed countries, that bringing the growth of personal incomes into line with the growth of work productivity would particularly affect workers with low personal incomes, and that this would be a disincentive for more productive work, and that personal incomes are not the cause of inflation and the like.

It is hard not to agree that personal incomes in our country are relatively low, but it is also true that labor productivity in Yugoslavia is three times lower than in the developed countries with which we compare ourselves. The continuation of personal incomes tending to be higher than labor productivity and available material possibilities would lead to the future ruination of those same workers on whose behalf such a practice is justified. We are convinced that the increase in personal incomes above the level of labor productivity and to the detriment of accumulation increases in inflation, gives rise to the race between inflation and personal incomes, and that in this struggle personal incomes and the living standards of workers lose out, particularly those who are the lowest paid. It is also undeniable that personal incomes can be a very important motivational factor in raising labor productivity and increasing efficient utilization of production and work funds. For this very reason we must abandon the widespread practice of wage-leveling and not increase the amount of funds available for personal incomes beyond the material possibilities at our disposal. It is also difficult to dispute the fact that in this country for more than a decade expenditure has exceeded the bounds of the available social product and that this discrepancy has for many years been covered by foreign borrowing. When these "possibilities" dried up, the discrepancy between expenditure and available income began to be "covered" by the increase in inflation. Personal incomes had an important part in this because of their relatively high share in the social product (36.7 percent in 1986), especially when they exceeded labor productivity.

It should be borne in mind that personal incomes sustain an important part of general and joint expenditure as well, whose share in the social product has also increased to 10.8 percent and 19.2 percent, respectively. It is out of unrealized income that the alignment is taken from pensions and all other personal earnings with trends in personal incomes, and also from unrealized income. If we add all this up, it is easy to deduce what is left for simple and expanded reproduction, or rather how few funds are available for society's material development.

In recent years much attention has justifiably been devoted to improving the material position of pensioners. When in 1985 pensions were brought into line with the growth in personal incomes, the current harmonization of pensions with the 1986 growth of personal incomes, and the harmonization of new pensions with old ones in some republics and provinces last year, the amount of funds for pensions has increased in real terms by 33 percent, while the average real increase in pensions is estimated at about 27 percent (almost three times greater than real growth in personal incomes of social sector employees).

The share of pension and invalid insurance, together with invalid and veterans' allowances, in the 1987 national income is estimated at approximately 10 percent. When the funds which will be paid out with the application of Articles 25 and 30 of the law on invalid and pension insurance are included, the share of pensions, the payments for invalid and pension insurance, in 1987's national income will amount to approximately 11.3 percent.

While not questioning the need to improve the material position of pensioners, particularly those on low pensions, the FEC deems it necessary to assess whether such massive pensioning on the basis of invalidity, the purchase of years of service, and reduced years of service is justified, including a critical examination of who is realizing these years of service. It is quite clear that the share of funds for invalid and pension insurance in the national ncome is very large and that any further increase would be difficult to bear, even with a far higher level of national income.

Despite that in the middle of last year we adopted an intervention law on limiting investments outside the economy, the anticipated results have not been achieved. In fact, investments in nonproductive activities increased more rapidly (in 11 months they increased by 111 percent) than investments in the economy (increased by 89 percent), or than investments in priority activities (increased by 76 percent). This has exacerbated the structure of investment, because the share of investment outside the economy in overall investment has increased from 7.6 percent in 1983 to 19.3 percent in 1985 and to 20.4 percent in the period January-November 1986.

Even though high inflation: diminishes the results of labor, destroys the valorization system, discourages efforts to increase economic efficiency and raise labor productivity, causes the overdistribution of income and personal incomes and on this basis social stratifaction irrespective of individual labor, and poses a danger to socialist self-managing relations by weakening the material basis of self-management and increasing relative differences in the level of development of the socialist republics and provinces. Nevertheless, we still have not achieved unity of ideas in society on the need to reduce inflation. Even if we verbally advocate this, practical behavior is quite the opposite.

The January price trends are already indicating a great threat to one of the basic aims of the resolution for this year -- significantly reducing inflation. The rise in prices and the cost of living was considerably greater than in last December: Manufacturing prices of industrial products increased by 5.8 percent (3 percent in December), retail prices by 6.6 percent (3.4 percent), and the cost of living by 6.4 percent (3.4 percent). It should be borne in mind that in 1986 there was a high average annual increase in prices and that the level of price increases carried over into 1987 was therefore very high. For manufacturing prices of industrial products the figure amounts to 23.6 percent, while for retail prices it is 29.8 percent.

In conditions of high general, joint, and personal expenditure and very high earnings of those not employed (which is not documented and thus is not a subject of income policy and taxation) and the unrealisitic valuation of certain products (energy, some food industry products, and industrial fuel) and services in the economic and social infrastructure (rent, road tolls, vehicle licensing, and public intercity postal and telecommunication services) deepen price disparities on one hand, and create what is for us an economically untenable structure of demand on the other. This is seen in the high level of demand for various consumer goods, particularly consumer durables (furniture, cars, and household appliances) which increases inflationary pressures.

All this serves as a serious warning that the struggle to reduce inflation will be very difficult, and that -- considering the aforementioned imbalance between supply and demand, the disporportions in material production, the dubious financial accounts and losses, foreign and internal debts, and the many years of deformed awareness and resignation to living with inflation -- it will not be won easily or quickly. However, we must wage it at once and with resolve, in the first instance through economic measures. Otherwise, it will be even more difficult for us.

Proceeding from the trends and tendencies described earlier, the FEC considers that to implement the resolution on socioeconomic development this year it is essential to undertake energetic measures and activities in the following directions:

First, to speed up activities aimed at adopting sublegal acts necessary for successfully implementing all systemic laws adopted at the end of last year to introduce realistic economic categories.

Intensive work is also underway on preparing proposals for changes and amendments in the remaining systemic laws, which will complete changes in the economic system in keeping with demands of the stabilization program. These are regulations that relate to the following questions: taxes and contributions, private work using funds privately owned by citizens, social planning, joint financial organizations, the Yugoslav Bank for International Economic Cooperation, and the turnover taxation of products and services.

In addition work is also underway on developing ideas for changes and amendments to systemic laws which relate to: expanded reproduction, the investment of citizens' funds, joint investment by foreigners in domestic organizations of associated labor, long-term production cooperation with foreign partners, transfer of technology, creativity, innovations and patents, large technical-economic systems, the appropriation of extra income, the accountancy system, work relations and employment, and so forth.

The FEC is determined to persist in consistent and resolute implementation of realistic economic categories. We must not stand in the way of a realistic economy. Of course, we should carefully weigh the steps and moves that are being taken so that they do not lead to intolerable social tensions which would force us to retreat from our established course and thereby inflict great damage on our correctly established orientation.

Second, intensive work is also underway in the FEC and federal organs of administration on drawing up proposed development strategies for the agro-industrial complex, tourism, energy supplies, transportation, and small businesses. The draft strategy for technological development has been sent to the SFRY Assembly for consideration and approval.

We have recently also begun to look at joint production and export programs (there are 15 of them), and we have just started a debate on strategies for economic relations with nations which are our most important economic partners. The majority of these strategies will be adopted in the first half of this year.

This refers to the strategic directions of long-term economic development and measures for their realization which will facilitate greater production and exports, the introduction of new technology, the modernization and restructuring of our economy, and the consolidation of integrational processes. All this is an essential prerequisite for Yugoslavia's more successful inclusion in the international division of labor and for economic stabilization on a lasting basis.

We will also soon be discussing all issues relating to the modernization and reconstruction of the main north-south railway line, the construction of the Brotherhood and Unity Highway, and will take measures for work on these to begin on time. At the same time we will draw up and propose a program of constructing main arterial roads and the completion of commitments under the Osimo Accords. This includes the Adriatic highway extension to Titograd, the link-up of this highway with the motorway through the center of the country, and of Pristina with the Brotherhood and Unity Highway. In addition to dinar funds which we have already largely secured, we will also seek loans for realizing these programs from international financial organizations and also partners for joint investment.

Throughout the country the adoption and implementation of measures for the financial consolidation of the economy and banks will be speeded up, and particular attention is being paid to examining opportunities and measures for the financial consolidation of a section of organizations of associated labor and banks in the Socialist Republics of Montenegro and Macedonia and the Socialist Autonomous Province of Kosovo. The completion of this work needs to be accelerated.

This is the 1st year in which, with the application of the new law, we will carry out financial rehabilitation and approve decisions on closing down organizations of associated labor which show financial losses and have no prospects for viable business activity and development. We must put a stop to the practice of maintaining such organizations regardless of the consequences, because we have concluded that this makes neither economic nor social sense and that the greatest burden and consequences of this policy are borne by successful organizations of associated labor capable of advancing society's total development. Naturally, wherever this is possible, we will first abandon ill-conceived production programs and introduce new ones, and select new management and self-managing organs. If the conditions for this do not exist, these organizations must cease operations, with possibilities for new employment or temporary financial benefits being sought for the workers.

Third, the FEC has approved measures for stimulating exports and foreign currency earnings, for coordinating entitlement to imports and payment for imports with foreign currency inflow, and for the foreign currency market's more efficient operation. To this end we have adopted the following measures:

-- A real 5-percent devaluation in the exchange rate of the dinar has been carried out with the decision that this level be maintained by means of further timely adjustments until the end of the year. By the end of this March an analysis of the effects of the stimulatory measures (the return of tax and customs duties, concessions on transportation to the port of embarkation, and so forth) and customs protection measures will be drawn up, with the aim of bringing them into line with the dinar's depreciation. With this exchange rate policy there would be even greater stimulation of economic motivation to export, and the instrument of active and passive customs protection would be brought into line with the stabilization program's orientation;

-- A decision has been approved on establishing socially recognized reproduction needs, whereby the entitlement to imports and payment for imports will be coordinated with the foreign currency earnings realized;

-- A decision has also been adopted on the order of payments (under Article 110 of the law on foreign exchange transactions), which brings active exporters into a more favorable position with regard to imports and payment for semimanufacture imports; and enables authorized banks to [word indistinct] utilize up to 5 percent in excess of the available monthly foreign exchange minimum (up to 3 percent of the established minimum) for the most essential payments, bypassing the established priorities;

-- The regulation on the work of the uniform foreign currency market has also been changed making it possible for the National Bank of Yugoslavia to block the authorized bank if it refuses to sell foreign currency on the foreign exchange market.

Measures will also be taken for the more rapid inflow of foreign currency, for drawing on already approved foreign loans and their effective utilization, and for resolving the question of trade claims with certain countries.

The FEC will particularly examine all aspects of joint investments with foreign partners and possibilities for facilitating foreign investment in custom zones. To this end appropriate measures will be taken and, if it proves necessary, changes and amendments in the appropriate regulations will be proposed.

Also, measures will be taken for stimulating the foreign currency savings of our citizens temporarily employed abroad and for investing these funds in the development of production and service capacities privately owned by citizens, housing construction, production purposes in the social sector, and so forth.

The FEC is convinced that by taking these measures we will stimulate greater exports of goods and services, increase foreign exchange earnings, and promote economic relations with other countries. Thus we will also improve the balance of payments situation and will be even more capable of carrying out our commitments to foreign creditors. But this will not depend only on us, but also on the attitude of our most important economic partners, the creditor countries and international financial organizations. In the conditions of such a closed market and the application of protectionist measures, for example, in the EEC countries, Yugoslav exports to this market can hardly be significantly increased, so that we have a constant negative balance of trade with the EEC countries. On the other hand, the greater part of our imports of equipment, reproduction materials, and consumer goods is received from these countries. This gives grounds for the conclusion that they treat us as "a market of buyers."

If there continue to be such great barriers to our exports to these and other developed countries of the West, if we are not allowed to take part in the Eureka programs of technological development, we will find it increasingly difficult to bear the burden of our debts and will be forced to make our purchases, particularly of equipment, transportation means and so forth, conditional upon counterpurchases from Yugoslavia and SFRY participation in the technological development programs of the firms from which we make our purchases. Otherwise, we will expose ourselves to stagnation in development and increasing technoligcal backwardness. Yugoslavia should not be anybody's "natural market," but rather an equal partner in economic and other cooperation which should be developed to mutual advantage.

Yugoslavia is one of the rare debtors which honors its contracted commitments regularly and on time. It is possible that the restriction of further support could, through no fault of our own, lead to such a situation which would benefit neither ourselves nor our creditors. It is scarcely possible to bear repayments of interest and a part of the principal without approval of certain amounts of new long-term and medium-term credit, which we would use to stimulate production, exports, and the development of the country to become more capable of meeting commitments to our creditors. Once again I repeat that we wish to develop and promote cooperation with the IMF and other international financial institutions on the basis of equality, mutual interest, and with respect for Yugoslavia's freedom and independence in conducting its policy of economic and social development.

The development of world events in connection with the debt problem shows the extent and nature of the dangers threatening the world's overall financial system. Yugoslavia will involve itself in seeking ways and methods of overcoming the developing countries' indebtedness so that at the global level this does not create a whole chain of insolvent debtors.

Fourth, proceding from the assessment that reduction of expenditure to levels envisaged by the resolution is one of the key issues for reducing inflation, the FEC has decided to propose to the SFRY Assembly that, on the basis of its authorization under Article 267 of the SFRY Constitution, it adopt four intervention laws:

-- first, on the limitation of general and joint expenditure,

-- second, on the limitation of noneconomic and nonproductive investments,

-- third, on the temporary ban on the disposal of social funds for personal incomes and joint expenditure of workers in banking organizations, self-managing interest communities, personal and property insurance organizations, lotteries and sweepstakes and associations of organizations of associated labor, and

-- fourth, on the temporary ban on the disposal of social funds for personal incomes and joint expenditure of workers above the growth in labor productivity.

These laws, in fact, create conditions for realizing the resolution aims for 1987 in the area of expenditure. The FEC proposes not the freezing of personal incomes but the consistent coordination of their growth with the increase in labor productivity. The only exception to this is banking organizations, self-managing interest communities and other organizations and associations cited in the separate legal act for which the so-called freezing of personal incomes applies until 30 June 1987. An explanation of the proposed law will be given in the Federal Chamber by the federal secretary for finance and the president of the Federal Committee for Labor, Health, and Social Welfare. Nevertheless, allow me to say something here.

Although the resolution as a general act of the SFRY Assembly is binding for all subjects, the tasks set out in it have not only not been implemented, but it has even been publicly stated that the resolution is not a formally binding act. Yet it is well-known that the resolution was adopted by the Assembly on the basis of the agreement of the assemblies of the socialist republics and socialist autonomous provinces. Thus, even if such an act did not formally, have binding force, it would have to be implemented because it is the expression of the concurrence of wishes. Bearing in mind that the resolution has not as a whole been made operational by the appropriate acts, and since it cannot itself, because of its legal nature, be directly enforced, the FEC has decided -- since there is no general readiness to consistently implement it -- to propose a mechanism that would guarantee this on united basis. This mechanism creates among other things conditions for guaranteeing implementation of certain aims arising from the resolution and for the successful control of its implementation, primarily through the social accountancy service and the appropriate inspection organs. It would have been better if we could have achieved these aims without adopting intervention laws, since this to a large degree standardizes the solutions and cannot have sufficient regard for specific issues which are sometimes objective and necessary. Clearly, however, there is no other alternative. If we were to tolerate the present kind of behavior and practice, we would soon reach a situation where the realization of the essential aims set out in the 1987 resolution would be doubted in their entirety. We would experience such disruptions that we would be unable to remove them by interventions at a later stage, even by the most drastic measures. Otherwise, we would lose 1 year. The problems in certain activities such as education, health, and culture can be partly resolved by the free exchange of labor and increasing incomes of sociopolitical communities from direct taxation.

Intervention measures are unpopular and can and will be exposed to criticism. however, not even such measures are unconstitutional. On the contrary, they are envisaged in the constitution as measures that can be prescribed, albeit exceptionally. They are part of our legal system. Temporary measures aim to preserve the stable foundations of the system; in other words, to prevent and remove more serious disturbances in the economy. The proposed laws provide the FEC with the instruments for implementing the established measures through the social accountancy service and the federal inspection and other organs, and if these laws are not consistently carried out, for seeking the appropriate intervention of the SFRY assembly as well.

In addition to these measures the FEC will insist on the consistent implementation of the established credit-monetary policy and the guaranteeing of rigorous financial discipline. Regulations will be strictly implemented, the volume of intercrediting will be reduced to a level appropriate to the degree of liquidity of the organizations of associated labor and banks, channels of grey money issue will be closed, so-called framework [okvirni] loans will be liquidated, all forms of delayed payments will be investigated, and effective payments for credits from primary money issue will be carried out. The National Bank of Yugoslavia will make more efficient use of the compulsory reserves and so forth. The approved policy of real interest rates will be consistently implemented. All this will have an anti-inflationary effect.

To bring into line supply and demand on the commodity market, in addition to what has been said on reducing expenditure and increasing production, a program will also be adopted on greater and longer term commodity exchange. By the end of May a social compact will be adopted on guaranteeing permanent and stable sources of funds for financing commodity and market reserves and consolidating their role on the market. In implementing the policy of removing price disparities in the economic infrastructure, agriculture, and housing-communal activities, we will also monitor price trends and react to excessive price increases (by means of intervention imports, the liberalization of imports, and the application of the law on social control of prices). To this end measures will be taken to prepare the federal, republican, and provincial institutes for prices and to guarantee the more efficient work of the inspection organs.

With the aim of reducing inflation, in addition to what has already been proposed, the FEC and federal organs of administration will be involved in working out and adopting new measures as well. The FEC believes the executive and other organs of the assemblies of the republics, provinces, cities, and municipalities should be involved in reducing inflation, as should the management and self-managing organs in organizations of associated labor, and that they should keep the public or the work collectives informed of their proposals and measures. Considering the importance of this task and the complexity of conditions in which we will be achieving it, the involvement of all institutions of the system, consumer councils, working people, and citizens is essential for its implementation.

Since the high inflation is hitting in particular families with the lowest incomes, it is essential that appropriate social policy measures be taken in the republics, provinces, municipalities, and towns, as well as in organizations of associated labor, which will alleviate the negative effect of inflation on this part of the population.

The FEC believes we are faced with serious weaknesses in the functioning of the legal system. The failure to implement laws, other regulations, and self-managing general acts has acquired such proportions -- from the viewpoint of the successful implementation of the economic development policies -- that it represents an equally great limitation as the material problems and imbalances. In these conditions it is very difficult to guarantee the realization of established aims and tasks.

Cases of lack of respect for the agreed policies, laws, and even the Constitution are very frequent. Many people behave according to the logic of "implement only what is in your immediate interests or in keeping with your ideas." Such people do not consider themselves obligated by the adopted policies, social norms, interests, and orientations. They act according to their own will. This is a very dangerous affront to the democratic character of our socialist self-managing society -- from positions of bureaucratic arbitrariness and anarchy. When such behavior occurs in economic life it results in enormous material and political damage.

Allow me to cite a few examples of abuse in the financial system, foreign exchange transactions, and on the market.

In the middle of last October it was established that 35 banks used for nonspecific purposes 33 billion dinars of selective credits intended for the preparation of export-oriented production and for creating agricultural production. The FEC called for appropriate measures to be taken against these banks and responsible persons. Since this was not done or measures were not adequate, it was established at the end of December that the number of banks committing this abuse had increased to 75 and the amount of funds to approximately 51 billion dinars.

For several years we have been talking in this country about the so-called grey issue of money and making decisions to eradicate it. However, last year as well a considerable amount of the money supply was issued through various illegal channels, which to a large extent encouraged demand on the market and had the effect of increasing inflation.

Last year it was established that two commercial banks and one national bank had been using without authorization foreign exchange from the sale of gasoline coupons, from the exchange of foreign currency for dinars, and from delaying the repatriation of foreign funds. Without depositing foreign currency funds in the account of the National Bank of Yugoslavia -- that is, without repatriating foreign currency abroad -- they were using without permission foreign currency funds of the National Bank of Yugoslavia.

In violation of the FEC decision and despite warnings, particularly at the end of last year, permits were issued for imports for which foreign currency funds had not been guaranteed. Of course, the funds for these imports must be secured this year.

If these and similar types of behavior continue to be tolerated, there are no prospects for success in carrying through the adopted policy. The FEC considers that radical changes are necessary in this area of the system, that we must fight for the respect and implementation of the laws and regulations, and that everyone must be taken to account for any other kind of behavior. Unfortunately, it sometimes happens in this country that the blame is transferred to those who call for accountability for illegal actions, while those who committed these actions are quite often "amnestied," particularly if they had brought some benefit to a sociopolitical community or organization of associated labor.

As long as awareness of full responsibility for the failure to implement the adopted policies and for violation of the regulations does not prevail, or rather until we prevent such kinds of behavior, we will leave room for everyone to make his own judgment whether the regulations and established policy are good and whether to act according to them or to violate and evade them. In this case all efforts at developing and adopting policies and laws will be in vain, because they will remain merely on paper. The consequences of this are easy to foresee. We are already feeling them, and it is becoming increasingly difficult to endure them.

It is high time we face up to the truth about our economic and social situation -- without beating about the bush -- and that we substitute specific measures, activities, and actions to achieve the goals and tasks we have decided on for rhetoric, lecturing others, and endless debates on the same issues. Our problems will not be resolved by anyone else other than ourselves; no one can free us of our commitments, responsibilities, and sins. Everything is in our hands; everything depends on us.

## FEC ADOPTS DECISION ON MONETARY, CREDIT POLICY

LD272248 Belgrade TANJUG Domestic Service in Serbo-Croatian 1424 GMT 27 Feb 87

[Text] Belgrade, 27 Feb 87 (TANJUG) -- At today's session, chaired by Janez Zemljaric, the FEC adopted a decision on implementing the objectives and tasks of joint issue and monetary policy and the joint bases of credit policy in 1987.

The decision, whose adoption was preceded by cooperation with the executive councils of the republics and provinces, states that in the first 3 months of this year, the monetary mass is to increase by 4.5 percent, and banks' dinar investments are to increase by 5.5 percent compared with December 1986.

According to the Federal Secretariat for Information, credit and monetary policy will this year serve to support realization of the planned growth of output and exports. In so doing, it was emphasized, this policy must not create conditions for increasing inflationary tendencies but rather should essentially reduce inflation. Monetary and credit policy will, therefore, offer support only to those organizations of associated labor that have a healthy and economically justified basis for development and that are oriented toward exports.

A review was made at the session of the measures and effects of economic policy and the position of agriculture and the food industry in acquiring income. In connection with this a program of further activity was established to improve that branch's economic position.

The FEC adopted a decision placing a temporary ban on the import and resale of motor vehicles by certain legal entities. The decision places a temporary ban on import of motor vehicles by persons who exercised that right on the basis of the law on trading goods and services with foreign countries. The decision also places a temporary ban on the resale of motor vehicles imported on this basis. Persons who paid for a car abroad before this decision came into force may import that car within 30 days from the date the decision comes into force, if evidence of payment is submitted to customs.

The FEC was guided in adopting this decision by statistics showing that last year and at the beginning of 1987 the import of passenger cars on the basis of the aforementioned law increased perceptibly, and that these vehicles are subsequently being resold to other persons.

A review was also made of information on evaluation of our economic situation put forward by the IMF mission in its final statement from the report on the consultations carried out with the Yugoslav delegation.

## TRADE RESULTS WITH GDR IN 1986 REVIEWED

LD280931 Belgrade TANJUG in English 0143 GMT 28 Feb 87

[Text] Berlin, Feb 28 (TANJUG) -- Economic cooperation between Yugoslavia and the German Democratic Republic has began emerging from stagnation which characterized their economic exchanges over the past few years, and reached 890 million dollars in 1986.

The assessment was made at Yugoslavia's joint economic office in Berlin where a review of bilateral business operations is underway.

Yugoslav exports to the GDR in 1986 increased by 17 percent on the 1985 figure, although the planned target of 920 million dollars was not reached. In view of the balanced trade between Yugoslavia and the GDR as one of the preconditions for clearing payments, an increase in the volume of bilateral trade primarily depends on the rise of Yugoslav purchases from the GDR, where great interest exists for the import of different Yugoslav products.

The best results were achieved in the textile industry. Trade in this field increased by 40 percent on the 1985 figure, and additional purchases from Yugoslavia towards the end of 1986 totalled 53 million dollars.

The two countries continued their traditional cooperation in the field of chemical, power and machine tools industries.

Yugoslavia imported from the German Democratic Republic 4,697 Wartburg and Trabant passenger cars, in exchange for machine parts and assemblies whose exports showed an upward trend.

## BRIEFS

TRADE WITH HUNGARY -- Belgrade, Feb 27 (TANJUG) -- Yugoslav-Hungarian trade will total 690 million dollars this year - up 160 million on the 1986 figure. Industrial cooperation and long-term arrangements account for about 40 percent of the two countries' trade. Examples of successful cooperation in the car-making industry are deals between Crvena Zastava of Kragujevac and Mogirt of Budapest, and Ikarus of Belgrade and Raba of Djer. Yugoslavia has become one of Hungary's important suppliers of passenger cars, various fuel pumps, bearings and other automobile parts, in exchange for which Hungarian firms deliver to Yugoslav partners commercial vehicles and diesel fuel. Other major articles in the two countries' trade include raw materials, semi manufacturers, chemical industry and farming products, and consumer goods. Yugoslavia and Hungary have planned to exchange 4.8 billion dollars worth' of goods and services in the 1986-1990 period, a 50-percent increase on the previous five-year term. [Text] [Belgrade TANJUG in English 1116 GMT 27 Feb 87 LD]